

150 Hottest Health & Beauty Aid Items

(ranked by dollar volume)

Rank	Product name	Rank	Product name	Rank	Product name
1	TYLENOL EXTRA STRENGTH CAPLETS 100	51	TYLENOL REGULAR 100	101	CONTAC 12 HOUR CAPSULES 10'S
2	B&L SENSITIVE SOLUTION 12	52	Q-TIPS 300	102	SUDAFED PLUS TABLETS 24
3	MYLANTA II LIQUID 12	53	TYLENOL EXTRA STRENGTH TABLETS 200	103	GILLETTE ATRA PLUS REFILL 14
4	BENADRYL CAPSULES 25 MG. 24	54	ASCRIPITIN 100'S	104	BENYLIN COUGH SYRUP 4
5	TYLENOL EXTRA STRENGTH CAPLETS 50	55	ADVIL TABLETS 165	105	ACTIFED TABLETS 100
6	MYLANTA LIQUID 12	56	PEPTO BISMOL LIQUID 4	106	CONTAC CAPLETS 20
7	AOSEPT DISINFECT SOLUTION 8 OZ.	57	ADVIL TABLETS 165	107	BENADRYL ALLERGY/DECONG. CAPS 24
8	ADVIL TABLETS 50	58	ACTIFED TABLETS 24	108	Q-TIPS SWABS 170
9	TYLENOL EXTRA STRENGTH TABLETS 100	59	SUDAFED TABLETS 30 MG 48	109	FIXODENT 1.5
10	OIL OF OLAY 4	60	MENNEN SPEED STICK 2.5	110	DOANS PILLS 24
11	CENTRUM 100+30	61	B&L SENSITIVE DAILY CLEANER 1 OZ.	111	PLAX ANTI-PLAQUE RINSE 8
12	ADVIL TABLETS 100	62	METAMUCIL POWDER ORANGE 21	112	VICKS FORMULA 44-D 8
13	ROBITUSSIN DM 4	63	PEPTO BISMOL 16	113	VICKS VAPO-RUB 1.5
14	AFRIN NASAL SPRAY .5	64	DIMETAPP ELIXIR 8 OZ.	114	B&L DISINFECTING SOLUTION 12
15	SUDAFED 30MG. TABLETS 24	65	ADVIL CAPLETS 50	115	CO-TYLENOL TABLETS 24
16	LISTERINE MOUTH WASH 32	66	UNISOL SALINE SOLUTION (2) 8	116	GILLETTE ATRA 5
17	TYLENOL EXTRA STRENGTH TABLETS 60	67	PRIMATENE NASAL MIST 15CC	117	CREST TARTAR CONTROL GEL 6.4
18	TYLENOL EXTRA STRENGTH CAPLETS 24	68	CORRECTOL 30	118	RIOPAN PLUS 12
19	ALKA SELTZER PLUS 20	69	TUMS FLAVORS 150	119	ACTIFED TABLETS 12
20	BAYER ASPIRIN 100	70	BENADRYL CAPSULES 48	120	NUPRIN TABLETS 50
21	NYQUIL 6	71	VICKS FORMULA 44-D 4	121	OS-CAL 500 120
22	DRAMAMINE TABLETS 12'S	72	DRIXORAL 40	122	EXCEDERIN EXTRA STRENGTH TABS 30
23	MAALOX PLUS LIQUID 12	73	NYQUIL CHERRY 6 OZ	123	CHLORASEPTIC SPRAY CHERRY 6
24	TYLENOL EXTRA STRENGTH TABLETS 30	74	ALKA SELTZER FOIL WRAP 36'S	124	COMTrex TABLETS 50
25	ALLERGAN SOFLENS TABS 24	75	CREST TARTAR CONTROL 6.4	125	NUPRIN 100
26	BENADRYL 25 ALLERGY MED TABLETS 24'S	76	BAYER ASPIRIN 50	126	COLGATE TOOTHPASTE 5
27	TYLENOL DROPS 15ML	77	NYQUIL 14	127	NIGHT OF OLAY 1.7
28	ROBITUSSIN DM 8	78	METAMUCIL POWDER ORANGE 14	128	ROBITUSSIN PE 4
29	ANACIN 100	79	ROBITUSSIN CF 4	129	TRIAMINICOL 4
30	NEOSPORIN OINTMENT .5	80	BUFFERIN 100'S	130	POLIDENT TABLETS 84
31	ALKA SELTZER PLUS 36	81	COMTrex TABLETS 24	131	ORAL B ADULT TOOTHBRUSH TABBED
32	FLEET ENEMA 4.5	82	ALLERGAN SOFLENS TABLETS 36	132	TYLENOL ELIXIR 2
33	PEPTO BISMOL LIQUID 8	83	LISTERINE MOUTHWASH 12	133	VIDAL SASSOON SHAMPOO 12
34	EXCEDRIN 100	84	ANACIN 200	134	ROBITUSSIN 4
35	GAVISCON TABLETS 100	85	ADVIL CAPLETS 24	135	TYLENOL CHEWABLE TABLETS 30
36	FIXODENT 2.5	86	COLGATE TOOTHPASTE 7	136	NEUTROGENA T/GEL SHAMPOO 8.5
37	ALLERGAN LENS PLUS 12	87	SUDAFED TABLETS 100	137	NEOSPORIN CREAM .5
38	PLAX ANTI-PLAQUE RINSE 16	88	B&L SALINE SOLUTION 12	138	CREST MINT FAMILY 6.4
39	METAMUCIL REGULAR 21	89	ALCON OPTI-ZYME TABLETS F24	139	CORTIZONE 5 CREAM 1 OZ.
40	THERAGRAN M 100+30	90	GILLETTE TRAC II REFILL 10	140	VISINE A.C. 0.5
41	NYQUIL 10	91	ECOTRIN TABLETS 250	141	LISTERINE MOUTHWASH 24
42	VISINE 0.5	92	ADVIL CAPLETS 100	142	DEXATRIM MAX STRENGTH CAPS 20'S
43	OIL OF OLAY	93	SCOPE MOUTHWASH 24	143	TRIAMINIC EXPECTORANT 4
44	DRIXORAL 10	94	EFFERDENT TABLETS 60	144	VASELINE LIP THERAPY
45	NEOSPORIN OINTMENT 1 OZ.	95	DRISTAN ADVANCED FORMULA TABS 24	145	AQUA NET HAIRSPRAY XSUPER 9
46	DIMETAPP EXTENTABS 24	96	ASCRIPITIN AD TABLETS 100	146	HEAD & SHOULDERS NORM/OILY 15
47	OS-CAL 500 60	97	JOHNSON & JOHNSON BAND-AID SHEER 60	147	PONDS COLD CREAM MED 3.5
48	GILLETTE ATRA PLUS REFILL 10	98	DULCOLAX TABLETS 25	148	ROBITUSSIN CF 8
49	ECOTRIN TABLETS 100	99	CREST REGULAR 6.4 OZ.	149	EFFERDENT TABLETS 40
50	DIMETAPP EXTENTABS 12	100	HALLS MENTHO-LYPTUS DROPS 30 CT	150	DRISTAN ADVANCED FORMULA TABS 100

150 Hottest General Merchandise Items

(ranked by number of units sold)

Rank	Product name	Rank	Product name	Rank	Product name
1	DURACELL ALKALINE BATTERY AA 4 CT	51	KODAK ALKALINE BATTERY C 2 CT	101	PAPERMATE WRITE BROS BLACK
2	ENERGIZER ALKALINE BATTERY AA 4 CT	52	KLEENEX FACIAL FOIL PACK WHITE 175 CT	102	WINDEX SPRAY 22 OZ
3	KODACOLOR VR-G CB 135-24C	53	DAWN 22 OZ	103	TIDE 42 OZ
4	SCOTCH MAGIC TAPE 1/2 X 450	54	SONY BETA VIDEO CASSETTE	104	SCOTCH BETA VIDEO CASSETTE
5	POLAROID 600 FILM HIGH SPEED	55	AJAX CLEANSER 14 OZ	105	LYSOL SPRAY 12 OZ
6	DURACELL ALKALINE BATTERY AA 2 CT	56	KODACOLOR VR-G CB 110-12C	106	BIC BIRO BLUE 10 CT
7	CRAYOLA CRAYONS 24 CT	57	PALMOLIVE 22 OZ	107	LYSOL SPRAY SCENT II 12 OZ
8	ENERGIZER ALKALINE BATTERY AA 2 CT	58	POLAROID SPECTRA FILM	108	IVORY DISH LIQUID 22 OZ
9	DURACELL ALKALINE BATTERY C 2 CT	59	PAPERMATE WRITE BROS RED PEN	109	DIXIE 9 INCH PLASTIC PLATE 48 CT
10	DURACELL ALKALINE BATTERY D 2 CT	60	KODAK ALKALINE BATTERY D 2 CT	110	PENTEL VAL PAK LEADS 5MM
11	DURACELL ALKALINE BATTERY 9V	61	PAPERMATE FLAIR PEN CD BLACK	111	TIDE LIQUID 32 OZ
12	SCOTCH MAGIC TAPE 3/4 X 300	62	KRAZY GLUE PEN	112	BIC BIRO BLACK 10 CT
13	KODACOLOR VR-G 100 CA 135-24	63	CARTER MARKS-A-LOT BLACK	113	DRANO LIQUID 32 OZ
14	SCOTCH T-120 VHS BLANK VIDEO CASSETTE	64	REYNOLDS WRAP 25 FT	114	CARTER MARKS-A-LOT RED
15	ENERGIZER ALKALINE BATTERY C 2 CT	65	KODAK ALKALINE BATTERY 9V	115	SCRIPTO ELECTRA LIGHTER
16	KODAK VIDEO CASSETTE	66	UHU GLUE STICK	116	GLADE AEROSOL RAIN 7 OZ
17	SONY VHS VIDEO CASSETTE	67	PAPERMATE WRITE BROS PEN BLACK 10 CT	117	DOW BATHROOM CLEANER 17 OZ
18	ENERGIZER ALKALINE BATTERY D 2 CT	68	WASH-N-DRI 20 CT	118	KODAK ALKALINE BATTERY AAA 2 CT
19	DOVE SOAP BATH SIZE 4.75 OZ.	69	TIDE LIQUID 64 OZ	119	WISK DETERGENT 64 OZ
20	SCOTCH TRANSPARENT TAPE 1/2 X 500	70	KRAZY GLUE GEL	120	CLOROX 2 BLEACH 40 OZ
21	ARM & HAMMER BAKING SODA 16 OZ.	71	BIC STICK PEN BLACK 10 CT	121	JOY DISH WASHING LIQUID 22 OZ
22	KODACOLOR VR-G CB 110-24C	72	PAPERMATE WRITE BROS PEN BLUE 10 CT	122	PAPERMATE WRITE BROS PENS 48 CT
23	DOVE SOAP BAR WHITE 3.5 OZ.	73	BIC BUTANE LIGHTER	123	FABER CASTELL UNI-BALL FINE BLACK
24	EVEREADY SUPER HEAVYDUTY AA 4 CT	74	SAFEGUARD SOAP BATH SIZE 5 OZ	124	BIC MINI LIGHTER 2 CT
25	POLAROID SX-70 TIME ZERO FILM	75	PAPERMATE 98 PEN	125	WINDEX REFILL 32 OZ
26	ENERGIZER ALKALINE BATTERY 9V	76	EVEREADY SUPER HEAVY DUTY 9V 2 CT	126	GLAD TRASH BAGS 30 GALLON 10 CT
27	KRAZY GLUE	77	ENERGIZER ALKALINE BATTERY AAA 2 CT	127	GLADE AEROSOL POWDER 7 OZ
28	KODAK ALKALINE BATTERY AA 4 CT	78	DURACELL ALKALINE BATTERY AAA 4 CT	128	CLOROX BLEACH 64 OZ
29	DIXIE PASTEL CUP 7 OZ.	79	GLAD SANDWICH BAGS 150 CT	129	FEUDOR LIGHTER
30	KODACOLOR DISC FILM CVR 15-2	80	RAID HOUSE & GARDEN 13 OZ	130	DIAL SOAP GOLD 3.5 OZ 4 PK
31	COMET CLEANER 14 OZ.	81	KODACOLOR VR 1000 FILM CF 135-24	131	CHEER ALL TEMPERATURE 64 OZ
32	EVEREADY SUPER HEAVYDUTY D 2 CT	82	LEPAGE TRANSPARENT TAPE 1/2 X 1100	132	LIQUID PAPER FLUID
33	EVEREADY SUPER HEAVYDUTY C 2 CT	83	CRAYOLA CRAYONS 48 CT	133	WISK DETERGENT 32 OZ
34	CRAYOLA CRAYONS 8 CT	84	WOOLITE LIQUID 16 OZ	134	BIC BUTANE TWIN LIGHTERS
35	JERGENS SOAP BATH SIZE 4.5 OZ.	85	CRAYOLA CRAYONS W/SHARPENER 64 CT	135	PILOT BALL POINT BLACK FINE
36	DURACELL ALKALINE BATTERY AAA 2 CT	86	RAID ANT & ROACH 16 OZ	136	PINE SOL LIQUID 28 OZ
37	EVEREADY GENERAL PURPOSE AA 4 CT	87	SCRIPTO ERASABLE PEN BLK MED PNT	137	REYNOLDS WRAP 75 FT
38	KODACOLOR VR-G CC 135-24	88	CRAYOLA COLORING MARKERS 8 CT	138	PILOT BALL POINT BLUE FINE
39	ELMERS GLUE ALL 4 OZ	89	EASY ON SPRAY STARCH 22 OZ	139	DIAL SOAP WHITE 3.5 OZ 4 PK
40	EVEREADY GENERAL PURPOSE D 2 CT	90	KODACOLOR VR-G FILM CM 110-24	140	EASY WIPE WIPING CLOTHS
41	ELMERS SCHOOL GLUE 4 OZ	91	DIXIE KITCHEN REFILL 5 OZ 100 CT	141	PARSONS AMMONIA CLEAR 28 OZ
42	PLEDGE LEMON 7 OZ	92	KODACOLOR VR-G FILM CB 126-24C	142	IRISH SPRING SOAP 5 OZ
43	EVEREADY GENERAL PURPOSE 9V 2 CT	93	SONY CASSETTE 90 MIN 2 CT	143	ELMER GLUE ALL 1.25 OZ
44	COAST SOAP BLUE BATH SIZE 5 OZ.	94	SNUGGLE FABRIC SOFTENER 33 OZ	144	KODACOLOR VR-G CB 126-12C
45	KODACOLOR FILM SINGLE CVR-DISC 15	95	EVEREADY BATTERY C 2 CT	145	FABER CASTELL UNI BALL FINE BLUE
46	IVORY PERSONAL SIZE 4 PK	96	SCOTCH BX 90 CASSETTE TAPE 2 CT	146	DIAL SOAP GOLD REG 3.5 OZ
47	CARESS BAR SOAP 4.75 OZ	97	SCOTCH POST IT NOTE PAD 3"X 3"	147	SNUGGLE FABRIC SOFTENER SHEETS 20 CT
48	CHARMIN BATH WHITE 4 CT	98	SCOTCH MAGIC TAPE 3/4 X 850	148	TONE SOAP 4 CT
49	KODAK ALKALINE BATTERY AA 2 CT	99	ENERGIZER ALKALINE BATTERY AAA 4 CT	149	LIQUID PEN & INK
50	PUFFS FACIAL ASST 175 CT	100	SCOTCH BX SEALING TAPE	150	SCOTCH TRAN MAGICTAPE 1/2 X 800

150 Hottest General Merchandise Products

(ranked by dollar volume)

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1	POLAROID 600 FILM HIGH SPEED	51	EVEREADY GENERAL PURPOSE 9V 2 CT	101	SCRIPTO ERASABLE PEN BLK MED PNT
2	DURACELL ALKALINE BATTERY AA 4 CT	52	DURACELL ALKALINE BATTERY AAA 4 CT	102	GLAD TRASH BAGS 30 GALLON 10 CT
3	ENERGIZER ALKALINE BATTERY AA 4 CT	53	KODAK ALKALINE BATTERY C 2 CT	103	DIXIE KITCHEN REFILL 5 OZ 100 CT
4	KODACOLOR VR-G CB 135-24C	54	KODACOLOR VR-G FILM CB 126-24C	104	BIC BIRO BLUE 10 CT
5	KODACOLOR VR-G 100 CA 135-24	55	RAID ANT & ROACH 16 OZ	105	LYSOL SPRAY SCENT II 12 OZ
6	KODACOLOR VR-G CB 110-24C	56	PLEDGE LEMON 7 OZ	106	PINE SOL LIQUID 28 OZ
7	POLAROID SX-70 TIME ZERO FILM	57	EVEREADY SUPER HEAVY DUTY 9V 2 CT	107	DIXIE 9 INCH PLASTIC PLATE 48 CT
8	DURACELL ALKALINE BATTERY C 2 CT	58	PAPERMATE WRITE BROS RED PEN	108	CRAYOLA CRAYONS 8 CT
9	ENERGIZER ALKALINE BATTERY AA 2 CT	59	KODAK ALKALINE BATTERY D 2 CT	109	REYNOLDS WRAP 75 FT
10	SCOTCH T-120 VHS BLANK VIDEO CASSETTE	60	SCOTCH BX 90 AUDIO CASSETTE TAPE 2 CT	110	DOW BATHROOM CLEANER 17 OZ
11	KODAK VIDEO CASSETTE	61	IVORY PERSONAL SIZE 4 PK	111	CARTER MARKS-A-LOT RED
12	SONY VHS VIDEO CASSETTE	62	CARTER MARKS-A-LOT BLACK	112	SAFEGUARD SOAP BATH SIZE 5 OZ
13	DURACELL ALKALINE BATTERY D 2 CT	63	CRAYOLA CRAYONS W/SHARPENER 64 CT	113	WINDEX REFILL 32 OZ
14	DURACELL ALKALINE BATTERY AA 2 CT	64	CRAYOLA COLORING MARKERS 8 CT	114	ELMERS GLUE ALL 4 OZ
15	DURACELL ALKALINE BATTERY 9V	65	ENERGIZER ALKALINE BATTERY AAA 4 CT	115	BIC BIRO BLACK 10 CT
16	KODACOLOR DISC FILM CVR 15-2	66	WOOLITE LIQUID 16 OZ	116	SCOTCH POST IT NOTE PAD 3"X 3"
17	POLAROID SPECTRA FILM	67	WISK DETERGENT 64 OZ	117	CRAYOLA CRAYONS 48 CT
18	ENERGIZER ALKALINE BATTERY C 2 CT	68	KLEENEX FACIAL FOIL PACK WHITE 175 CT	118	EASY ON SPRAY STARCH 22 OZ
19	ENERGIZER ALKALINE BATTERY D 2 CT	69	PAPERMATE 98 PEN	119	WISK DETERGENT 32 OZ
20	KODACOLOR VR-G CC 135-24	70	ENERGIZER ALKALINE BATTERY AAA 2 CT	120	FABER CASTELL UNI-BALL FINE BLACK
21	CRAYOLA CRAYONS 24 CT	71	RAID HOUSE & GARDEN 13 OZ	121	PENTEL VAL PAK LEADS 5MM
22	SONY BETA VIDEO CASSETTE	72	SCOTCH BX SEALING TAPE	122	BIC STICK PEN BLACK 10 CT
23	DIXIE PASTEL CUP 7 OZ.	73	DAWN 22 OZ	123	GLADE AEROSOL RAIN 7 OZ
24	KODAK ALKALINE BATTERY AA 4 CT	74	COMET CLEANER 14 OZ.	124	SCOTCH MAGIC PKG MAIL TAPE 2X500
25	KODACOLOR FILM SINGLE CVR-DISC 15	75	REYNOLDS WRAP 25 FT	125	DIAL SOAP GOLD 3.5 OZ 4 PK
26	EVEREADY SUPER HEAVYDUTY AA 4 CT	76	PALMOLIVE 22 OZ	126	BIC BUTANE LIGHTER
27	KODACOLOR VR-G CB 110-12C	77	PUFFS FACIAL ASST 175 CT	127	GLAD TRASH BAGS 30 GALLON 20 CT
28	TIDE LIQUID 64 OZ	78	COAST SOAP BLUE BATH SIZE 5 OZ.	128	FEUDOR LIGHTER
29	ENERGIZER ALKALINE BATTERY 9V	79	CHARMIN BATH WHITE 4 CT	129	IRISH SPRING SOAP 5 OZ
30	SCOTCH MAGIC TAPE 1/2 X 450	80	CARESS BAR SOAP 4.75 OZ	130	CERTRON AUDIO CASSETTE 90 MIN 3 CT
31	EVEREADY SUPER HEAVYDUTY D 2 CT	81	KRAZY GLUE GEL	131	SCRIPTO ELECTRA LIGHTER
32	DURACELL ALKALINE BATTERY AAA 2 CT	82	TIDE LIQUID 32 OZ	132	JOY DISH WASHING LIQUID 22 OZ
33	EVEREADY SUPER HEAVYDUTY C 2 CT	83	ELMERS SCHOOL GLUE 4 OZ	133	BIC MINI LIGHTER 2 CT
34	SONY CASSETTE 90 MIN 2 CT	84	TIDE 42 OZ	134	BIC LIGHTER 5 CT
35	SCOTCH MAGIC TAPE 3/4 X 300	85	PAPERMATE WRITE BROS PEN BLACK 10 CT	135	IVORY DISH LIQUID 22 OZ
36	SCOTCH TRANSPARENT TAPE 1/2 X 500	86	UHU GLUE STICK	136	PAPERMATE WRITE BROS PENS 48 CT
37	KRAZY GLUE	87	WASH-N-DRI 20 CT	137	LEPAGE TRANSPARENT TAPE 1/2 X 1100
38	GLAD SANDWICH BAGS 150 CT	88	CHEER ALL TEMPERATURE 64 OZ	138	AJAX CLEANSER 14 OZ
39	KODACOLOR VR 1000 FILM CF 135-24	89	KODAK ALKALINE BATTERY AAA 2 CT	139	LIQUID PAPER FLUID
40	KRAZY GLUE PEN	90	PAPERMATE WRITE BROS PEN BLUE 10 CT	140	DIAL SOAP WHITE 3.5 OZ 4 PK
41	EVEREADY GENERAL PURPOSE AA 4 CT	91	SNUGGLE FABRIC SOFTENER 33 OZ	141	BIC BUTANE TWIN LIGHTERS
42	ARM & HAMMER BAKING SODA 16 OZ.	92	CLOROX BLEACH FRESH 5 GAL	142	GLADE AEROSOL POWDER 7 OZ
43	DOVE SOAP BATH SIZE 4.75 OZ.	93	DRANO LIQUID 32 OZ	143	PILOT BALL POINT BLACK FINE
44	EVEREADY GENERAL PURPOSE D 2 CT	94	PAPERMATE FLAIR PEN CD BLACK	144	GLAD CLING WRAP 200 FT
45	SCOTCH BETA VIDEO CASSETTE	95	SCOTCH MAGIC TAPE 3/4 X 850	145	PURPOSE SOAP 3.6 OZ
46	KODAK ALKALINE BATTERY 9V	96	KODACOLOR VR-G CB 126-12C	146	DAWN MT SPRING 22 OZ
47	DOVE SOAP BAR WHITE 3.5 OZ.	97	EVEREADY GENERAL PURPOSE C 2 CT	147	FEUDOR DESIGN LIGHTER
48	KODACOLOR VR-G FILM CM 110-24	98	CLOROX 2 BLEACH 40 OZ	148	PILOT BALL POINT BLUE FINE
49	JERGENS SOAP BATH SIZE 4.5 OZ.	99	LYSOL SPRAY 12 OZ	149	HANDIWRAP II 250 FT
50	KODAK ALKALINE BATTERY AA 2 CT	100	WINDEX SPRAY 22 OZ	150	CLOROX BLEACH 64 OZ

Triple-A Product Study

TRENDS

Triple-A name brands spark chains' merchandising excitement

Continued from page 13

were able to steadily sell through the leading brands, and expand assortments with new advertised brands—since the U. S. Surgeon General C. Everett Koop recommended condoms as a way to protect against AIDS.

Lens care performance was helped by the aging of the population and new technology. The industry anticipates continued brisk growth here, thanks to demand for remedial lenses, and better adherence to lens care regimens by consumers. Among new lens care regimens and technologies that hit stride in 1987, hydrogen peroxide systems made lens care faster and easier for consumers. Chains advertised the regimens competitively and frequently.

On the other end of the demographic scale, a mini baby boom offered retailers a chance to expand baby care departments. Chains adopted vendors' new innovations in safety and convenience baby care products, and the profit-producing items allow drug stores to offer in-demand products to the important audience of young mothers.

Condoms, lens care and baby products weren't the only categories by benefit from successful innovation.

The battery manufacturers developed new products and promotions throughout the year. Cough-cold growth benefited by new introductions. And the analgesics, laxative, and antacid categories similarly hosted product changes that were welcomed by consumers.

Many of the products are line extensions, retaining well-known brand names that continue to attract loyal shoppers.

Those names still signal a quality and potency level (particularly with OTCs and Rx-to-OTC switched drugs) that is irresistible to shoppers, and can be highly profitable to retailers.

Drug stores in most cases have backed them fully, assigning key shelf space and exposure, and regularly featuring Triple-A products in circular advertising at cents-off prices.

Although drug chains have faced increasing competition in OTCs from other trade classes carrying traditional drug store merchandise, the most pitched competition has arguably occurred on the general merchandise front.

Chains have battled with the mass merchandise chains for market share in batteries and film, and have succeeded in building key hot departments.

Battery vendors' new merchandising systems and electronic advertising campaigns have combined with drug stores' own promotions, and in-store displays, to create strong category growth.

Holding off a challenge from mass merchandise chains which have taken the lead in building in-store mini-labs for photo processing—and thus a strong image for the photo department overall—drug



Many chains boosted unit sales with analgesics by taking advantage of some brands' coupon promotions.



A family planning pegboard display at a Newton, Mass., Walgreen's.

chains have garnered respectable market share in film. As many chains alter formats of their stores to stress convenience,

they can become even more attractive destinations for film purchases and processing.

The current roster of Triple-A products demonstrates clearly that chains continue to build their businesses around

an evolving and vibrant universe of branded health care and core general merchandise products.

TRENDS

Growth for condoms seen to continue

When *Drug Store News* surveyed retailers last year on what categories were the hottest, it was no surprise that condoms showed strongly.

Sales for the first eight months of 1987 were up 32 percent in dollars and 27 percent in units. And retailers predicted that this hot pattern would continue, and possibly build, in 1988. Merchants surveyed predicted 36.1-percent sales growth in the year.

Chain merchandisers across the country reported strong demand, fueled by two major trends. As AIDS became publicized, people began to take better health precautions. Also, some alternate forms of birth control, such as the Pill and intra-uterine devices, are perceived as less desirable by consumers who seek non-invasive methods. Condoms have become a more attractive form of pregnancy prevention.

Some drug stores created secondary locations near feminine hygiene and in family planning sections to cater to women.

U. S. Surgeon General C. Everett Koop became the most notable among a string of health care authorities who called for the use of condoms as the best protection against AIDS, and vendors' electronic and print media advertising boomed.

Some drug stores created secondary locations near feminine hygiene and in family planning sections to cater to women, and generally made condoms more accessible and visible to shoppers.

Major vendors such as Carter, Schmid and Ansell have reported double-digit sales gains through all trade classes. Smaller vendors also benefit by retailers selling their brands to broaden inventory assortments. Indeed, retailers faced a loss of sales opportunities if they failed to carry brands that were being widely advertised and sought out by consumers.

Revco was among chains that began advertising condoms in circulars, and reported a positive public response.

A major question facing chains in mid-year was whether the instances of out-of-stocks that occurred in 1987, due to such strong demand, would reoccur.

Chain drug stores remained the leading outlet for condoms, controlling 49 percent market share. Including independents, drug stores account for a 67.8-percent share.

Easy to carry & use lipstick form.
(No camphor, phenol or "caines".)

HERPECIN-L

Cold Sore Lip Balm. "It Works!"

Write: CAMPBELL LABORATORIES, INC.

P.O. Box 612-A, FDR, NY, NY 10150

Fastest moving condoms

(unit sales)

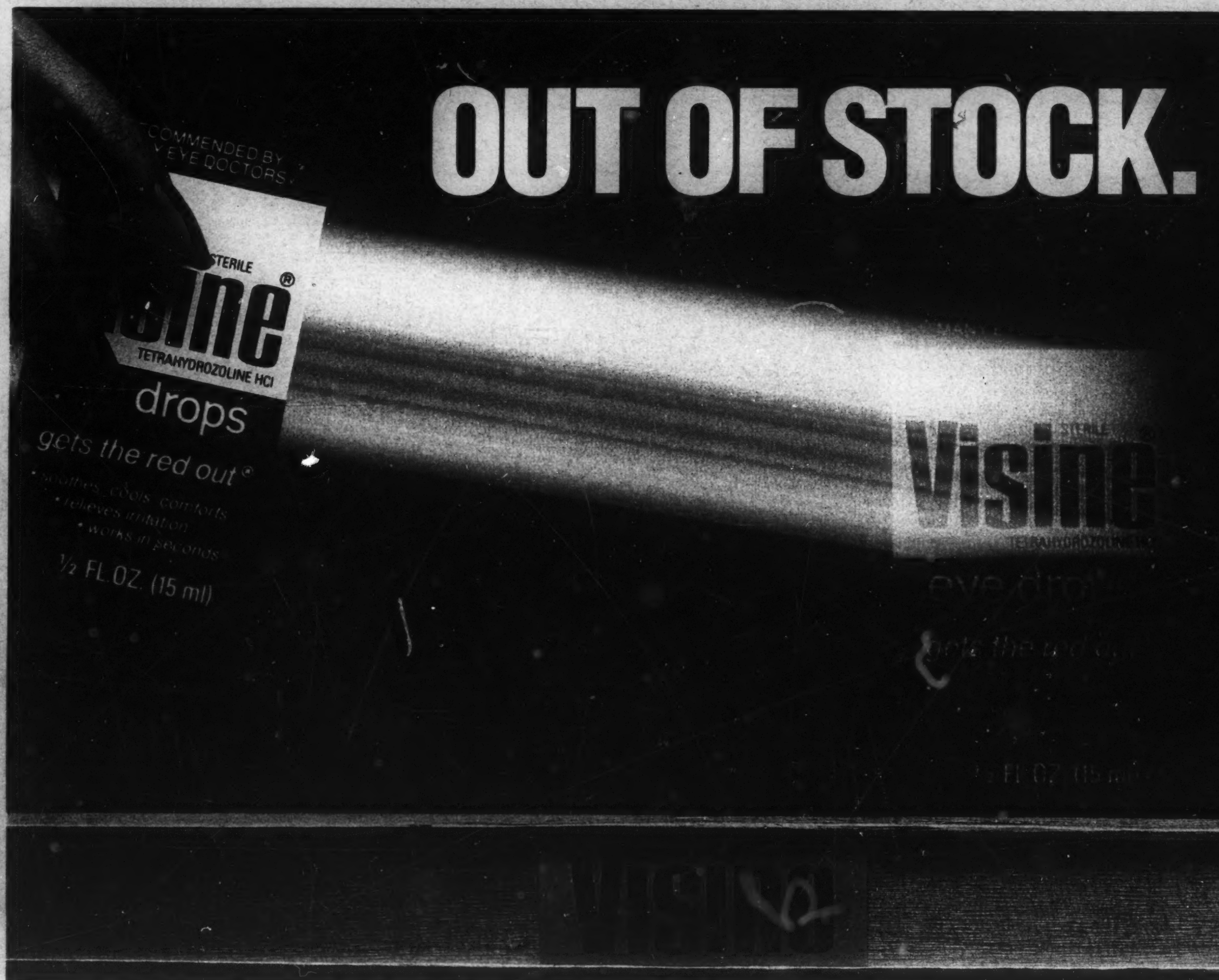
1. Trojan Enz Lubricated 3's
2. Trojan Enz Lubricated 12's

Source: *Drug Store News* research



A family planning display at Fays Drug's Elmira, N. Y., store.

OUT OF STOCK.



It's peak season for the #1 selling eye

Visine® — the #1 Selling Eye Drop.
No other brand comes close.

More Sales for More Profits

- Outsell the closest competitive brand by almost 4 to 1*

More Turns

- Inventory turns twice as fast as the rest of the category.*

More Advertising

- Multi-million dollar, multi-media advertising program — #1 in the category, by far.

More Peak Season Demand

- Almost 40% of annual sales occur during the peak season months of May, June, July and August.*

All the more reason that you're stocked to meet this year's peak season demand!

*Based on A.C. Nielsen Audit, Drug Stores, 1987.



Triple-A Product Study: Eye/Lens Care

TRENDS

Careful management helps lens care sales growth

The lens care category is one that requires careful management if drug chains are to receive the maximum benefit of its projected strong growth.

Because of the ongoing proliferation of SKUs, buyers have had to reset shelves on a regular basis to assure carrying the latest lens care regimens being recommended by doctors, while holding inventory investment at a reasonable level.

The influx of new products, while serving consumers, has also confused some, buyers said.

But the payoff is well worth it.



This lens care section in a Burien, Wash., Pay N' Save store typifies the broad assortment of product chains need to carry.

Drug stores—where 70 percent of lens solutions are sold—report steady category growth. One industry vendor forecast recently that lens care product sales will hit \$1.2 bil-

lion in 1992 in mass merchandise, drug, and grocery outlets, compared with \$642 million today.

Price slashing by vendors on saline solutions ignited sales

last year, and seemed to keep a lid on saline mix prices. Consumers were no longer willing to pay \$4 for 12 ounces. Bausch & Lomb took the lead, followed by Ross Lab's Abbott division, in cutting prices.

Adding to sales momentum was improved consumer compliance with lens care regimens, after new publicity surfaced on the corneal ulcers and infections that improper lens use can cause. As consumers removed and cleaned their lenses more frequently, lens solution sales increased.

Also encouraging compliance is the flood of new systems, that make lens care quicker and easier, among

them Allergan's Ultrazyme enzymatic tablet, B&L's ReNu and Alcon's Optizyme.

Meanwhile, buyers and industry watchers reported a surge in sales of the hydrogen peroxide systems, and a corresponding decline in sales of the heat and chemical disinfectant systems.

Doctor acceptance of the HP regimens has a lot to do with the success of such programs as Ciba Vision's AOSep and LENSEPT, Allergan's OXY-SEPT, Coopervision's MIRA-SEPT, and Barnes-Hind's first HP system, CONCEPT.

Fastest-moving eye-lens care products

(unit sales)

1. B&L Sensitive Eyes Solution 12 oz.
2. Visine Eye Drops 0.5 oz.
3. AOSep Disinfecting Solution 8 oz.
4. B&L Saline Solution 12 oz.
5. Unisol 4 Saline Solution Twinpak
6. Pligel Lens Solution .85 oz.
7. AODisc Replacement

Source: Drug Store News research

Highest volume eye-lens care products

(retail dollars)

1. B&L Sensitive Eyes Solution 12 oz.
2. AOSep Disinfecting Solution 8 oz.
3. Allergan Soflens Tabs 24s
4. Allergan Lens Plus 12 oz.
5. Visine Eye Drops 0.5 oz.
6. B&L Sensitive Eyes Daily Cleaner 1 oz.
7. Unisol 4 Saline Solution Twinpak
8. Allergan Soflens Tablets 36s
9. B&L Saline Solution 12 oz.
10. Alcon Opti-zyme Tablets 24s
11. B&L Disinfecting Solution 12 oz.
12. Visine A.C. 0.5 oz.

Source: Drug Store News research

The #1 choice in stores stocking as OTC cold sore recommendation.

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allergy
eye drops

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sticky, watery eyes

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More Turns

- During the brief peak season, inventory turns two times.*

More Advertising

- Visine a.c. is supported by its own peak season Network TV Advertising targeted right at the allergy sufferer.

More Peak Season Demand

- Over 40% of annual sales occur during the peak season months of May, June, July and August.*

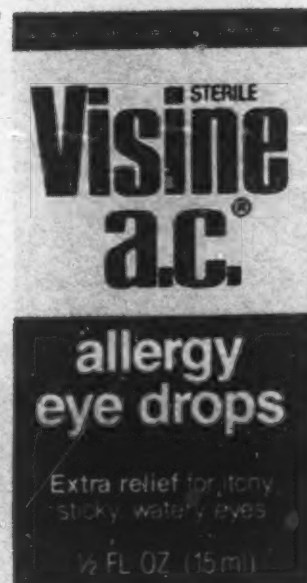
Don't get caught without an ample supply!

*Based on A.C. Nielsen Audit, Drug Stores, 1987.
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TRENDS

Triple-A Product Study: Analgesics



Ibuprofen sales grew 54% last year, as aspirin's and acetaminophen's growth slowed.

Ibuprofen's strength and Tylenol's comeback help keep the analgesic category in motion

The success of ibuprofen products, combined with the comeback of Tylenol, have kept the analgesic category in motion.

Although some drug chains have reported a slowdown of ibuprofen growth, the sales growth of ibuprofen products is still among the fastest of any drug store category. Ibuprofen sales grew 54 percent in 1987,

as extra-strength aspirin and acetaminophen products' growth slowed somewhat.

Pipeline Research, a service of the consumer products division of IMS America, reported that the aspirin and acetaminophen products each declined 2 percent last year.

Drug chains supported strong growth of Whitehall's Advil and Bristol-Myer's Nu-

prin with promotional exposure. And Nuprin's new caplets gained followers.

But Tylenol continues to capture prime retail shelf space, and has been the number-one acetaminophen. McNeil Labs launched Children's Grape-Flavored Tylenol to join the chewable Children's Fruit-Flavored Tylenol, which has been a hit

at some chains.

Buyers feel there is little doubt that the heavy publicity pertaining to the use of aspirin as a possible defense against heart attacks has continued to propel sales. Bayer, for instance, has been a notable beneficiary of this trend.

But the debate on the effects of aspirin isn't over. Officials reintroduced research results on aspirin's effect in blocking the formation of blood clot-aiding hormones to show that the medication can be abused.

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Highest-volume analgesics

(retail dollars)

1. Tylenol Extra-Strength Caplets 100s
2. Tylenol Extra-Strength Caplets 50s
3. Advil Tablets 50s
4. Tylenol Extra-Strength Tablets 100s
5. Advil Tablets 100s
6. Tylenol Extra-Strength Tablets 60s
7. Tylenol Extra-Strength Caplets 24s
8. Bayer Aspirin 100s
9. Tylenol Extra-Strength Tablets 30s
10. Tylenol Drops 15ml
11. Anacin 100s
12. Excedrin 100s
13. Gaviscon Tablets 100s
14. Ecotrin Tablets 100s
15. Tylenol Regular 100s
16. Tylenol Extra-Strength Tablets 200s
17. Ascriptin 100s
18. Advil Tablets 165s
19. Advil Caplets 165s
20. Advil Caplets 50s
21. Bayer Aspirin 50s
22. Bufferin 100s
23. Anacin 200s
24. Advil Caplets 24s
25. Ecotrin Tablets 250s
26. Advil Caplets 100s
27. Ascriptin AD Tablets 100s
28. Doan's Pills 24s
29. Nuprin Tablets 50s
30. Excedrin Extra-Strength Tabs 30s
31. Nuprin 100s
32. Tylenol Elixir 2
33. Tylenol Chewable Tablets 30s

Source: Drug Store News research

Product Info Fax

#10376



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Cold Sore Lip Balm. "It Works!"
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TRENDS

Triple-A Product Study: Cough-cold/Allergy remedies

Cough-cold category gets broad assortments

Cough-cold is probably one of the most active of drug store categories: new product introductions have continued at a brisk pace,

switched products they perceived as being strong and effective.

Chains for the most part have merchandised allergy-

Line extensions continue to be the trend as vendors trade on their products' well-known brand names. Such extensions as A. H. Robins' Dimetapp Plus, and Schering's Drixoral Plus have proven successful, alongside established performers such as Schering's Afrin nasal decongestant and its Chlortrimeton antihistamine, SmithKline's Teldrin antihistamine, Burroughs-Wellcome's Actifed, and Warner-Lambert's Benadryl.

Alka Seltzer Plus Night Time has been another strong new entry.

Wyeth-Ayerst was ready to launch the first major new Rx-to-OTC entry in some time—its Phenergan cough suppressant.

sant.

With the proliferation of SKUs, merchandising the category has been a major challenge, and buyers have to weigh the relative advantages of increasing space versus weeding out slow-moving items.

Some extensions are successful at the expense of the original brands. Nyquil's Cherry, for example, has thrived, while the Nyquil 6- and 10-ounce sizes—among the strongest performers in 1986—are down in sales significantly.

Cough-cold has been among the most heavily advertised categories on a year-round basis.

Chains for the most part have merchandised allergy-fighting items together with those that counter cough and cold symptoms.

and drug chains emphasize the category with broad, heavily-promoted assortments.

Drug stores achieved 7.2-percent sales growth in this \$242 million category in 1987, as consumers responded to the many Rx-to-OTC

fighting items together with those that counter cough and cold symptoms. Some feel the practice boosts sales by causing the consumer to purchase more than one product to relieve his or her multi-symptom sickness.

Highest-volume cough-cold/allergy remedies

(retail dollars)

1. Benadryl Capsules 25 mg 24s
2. Robitussin DM 4 oz.
3. Afrin Nasal Spray .5 oz.
4. Sudafed 30 mg Tablets 24s
5. Alka Seltzer Plus 20s
6. Nyquil 6 oz.
7. Benadryl 25 Allergy Tablets 24s
8. Robitussin DM 8 oz.
9. Alka Seltzer Plus 36s
10. Nyquil 10 oz.
11. Drixoral 10s
12. Dimetapp Extentabs 24s
13. Dimetapp Extentabs 12s
14. Actifed Tablets 24s
15. Sudafed Tablets 30 mg 48s
16. Dimetapp Elixir 8 oz.
17. Primatene Nasal Mist 15 cc
18. Benadryl Capsules 48s
19. Vicks Formula 44-D 4 oz.
20. Drixoral 40s

Source: Drug Store News research

Fastest-moving cough-cold/allergy remedies

1. Benadryl Capsules 25 mg 24s
2. Robitussin DM Cough Syrup 4 oz.
3. Alka Seltzer Plus 20s
4. Sudafed 30 mg Tablets 24s
5. Afrin Nasal Spray .5 oz.
6. Dimetapp Elixir 4 oz.
7. Alka Seltzer Plus 36s
8. Benadryl Elixir 4 oz.
9. Halls Cough Drops Mentholyptus 9s
10. Benadryl Regular Tablets 24s
11. Drixoral 10s
12. Alka Seltzer Plus 12s
13. Vicks Formula 44-D 4 oz.
14. Nyquil 6 oz.
15. Actifed Tablets 24s
16. Comtrex Tablets 24s
17. Chloraseptic Spray Cherry 6 oz.
18. Robitussin CF 4 oz.
19. Dimetapp Extentabs 12s
20. Vicks Vapo-Rub 3 oz.

Source: Drug Store News research

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Triple-A Product Study: Laxatives, Antacids

TRENDS

Health consciousness boosts awareness of laxatives

Health consciousness has played a role in drawing awareness to the laxative category. As more foods such as cereals have touted the advantages of high-fiber diets, the natural bulk-forming laxatives which have driven category sales growth of late have gained the lime-light.

Some buyers, though, feel the food fiber advertising may be confusing consumers, who erroneously believe the food items are laxatives.

In any case, the bulk-forming items, in the view of most buyers, have been a positive force, since they're relatively easy to take and less threatening to some.

Following in the wake of Searle's Metamucil were Merrell Dow's Tang-flavored Citrucel, Lederle Labs' FiberCon calcium polycarbophil tablet, and Rydell Labs' Fiberall lemon-flavored chewable tablet.

But stimulant-type laxatives remain popular, led by Fleet, whose Fleet Enema disposable 4.5-ounce product was the number-one-selling item in units in *Drug Store News's* 1987 Triple-A Product Study.

Fastest-moving laxatives

(unit sales)

1. Fleet Enema 4.5 oz.
2. Correctol 30s
3. Fleet Mineral Oil Enema 4.5 oz.
4. Correctol Laxative Tablets 15s
5. Ex-Lax Unflavored Pills 8s

Source: Drug Store News research

Highest-volume laxatives

(retail dollars)

1. Fleet Enema 4.5 oz.
2. Metamucil Regular 21 oz.
3. Metamucil Powder Orange 21 oz.
4. Correctol 30s
5. Metamucil Powder Orange 14 oz.
6. Dulcolax Tablets 25s

Source: Drug Store News research



Buyers view bulk-forming items positively, as they're easier for consumers to take.

Extra-strength, calcium-fortified antacids pack profit punch

The success of extra-strength antacid formulas and the appeal of calcium-fortified mixtures has been a double-barrel profit punch for drug store retailers.

The extra-strength formulations have been popular among heavy-use consumers—the 10 percent of users who account for 80 percent of antacid sales.

Stuart's Mylanta and Rorer's Maalox have remained category leaders, and in their extra-strength formulations have been heavily promoted by drug chains.

Mylanta II, most often in the 12-ounce form, was advertised in circulars by such chains as Eckerd, Sav-on, Pay Less NW, Peoples, K&B and Drug Emporium.

Maalox Whip proved to be a strong-line extension for Rorer, and chains such as Med X, Medic, Drug Mart, and K&B advertised the product, most often in the 8-ounce form.

Miles' Alka Seltzer in regular, extra-strength and flavored formulations, and Ayerst's Riopan and Riopan Plus, were other leading sellers, and regularly promoted.

Rite Aid, Walgreen's, Big B and Snyder used Alka Seltzer in circular ads.

In the calcium-fortified segment—boosted by the publicized advantages of calcium in fighting osteoporosis—Beecham's Tums, Warner-Lambert's Roloids, Plough's Di-Gel, and 3M's Titalac have all been strong drug store performers. The highly-recognized Roloids and Tums brands were often promoted by drug chains.

Riopan, Phillips Milk of Magnesia, and Pepto-Bismol are other brands that chains have concentrated advertising on.

Walgreen's and Peoples also promoted their private label items.

Fastest-moving antacids

(unit sales)

1. Mylanta Liquid 12 oz.
2. Pepto Bismol Liquid 8 oz.
3. Mylanta II Liquid 12 oz.
4. Roloids 3s
5. Maalox Liquid 12 oz.
6. Roloids 12s
7. Tums 3s
8. Pepto Bismol Liquid 4 oz.

Source: Drug Store News research

Walgreen's and Peoples also promoted their private label items.

Highest-volume antacids

(retail dollars)

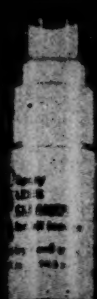
1. Mylanta II Liquid 12 oz.
2. Mylanta Liquid 12 oz.
3. Maalox Plus Liquid 12 oz.
4. Pepto Bismol Liquid 8 oz.
5. Pepto Bismol Liquid 4 oz.
6. Pepto Bismol 16 oz.
7. Tums Flavors 150s
8. Alka Seltzer Foil Wrap 36s
9. Riopan Plus 12 oz.

Source: Drug Store News research



Extra-strength formulations are predominantly featured on this Love's shelf in New York City.

Sooner or Later Everybody Sees Our Way



Chains are expanding baby care to attract the young mother, one of their best customers.

Baby departments at chains take a fashionable approach

Baby care products have become more innovative and fashion-oriented, providing drug chains with the opportunity to improve baby care departments with more profit-making items.

Chains are expanding baby care centers to better cater to the young mother who is one of their best customers, and to offset the limited profitability of diapers.

SuperRx Corp. of Phoenix, for example, unveiled a new baby section in a prototype race track store that emphasized baby care items in a large pegged display and featured a children's book section in an adjacent gondola. Diapers were at floor level.

Begley Drugs, since acquired by Rite Aid, launched a baby safety section that included such items as baby-

proof cupboard latches, and electrical outlet covers by Evenflo. Genovese carries such items as disposable bibs in its baby section, and safety items including special baby thermometers, bite guards, and bath and kitchen safety sets.

Some baby items such as skin care oils, powders and mousses are also merchandised to adults in women's skin care sections.

Although settling for slight margins on diapers as they compete with supermarkets—who often use them as loss leaders—drug chains have benefited from improved diaper technology. Thinner, more absorbent diapers by such vendors as Procter & Gamble and Kimberly-Clark promise to improve sales per square foot.

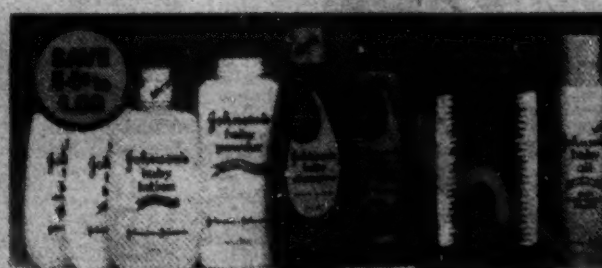
Fastest-moving baby care needs

(unit sales)

1. Q-Tips 300s
2. Q-Tips 170s
3. J&J Baby Oil 4 oz.
4. Vaseline Petroleum Jelly 1.75 oz.
5. Vaseline Petroleum Jelly 3.75 oz.
6. Pedialyte Ready-to-use Fruit Flavor 32 oz.
7. J&J Baby Powder 9 oz.
8. Vaseline Intensive Care 15 oz.
9. Q-Tips 54s
10. J&J Baby Powder 14 oz.

Source: Drug Store News research

Baby care ad strategy focus: Revco



JOHNSON & JOHNSON BABY PRODUCTS

- 9 oz. Baby Lotion Regular, Baby Powder or Unscented Reg. 2.69 ea.
- 14 oz. Baby Powder Reg. 2.69
- 11 oz. Baby Shampoo or Conditioner
- All types, Reg. 2.75
- 200 ct. Swabs Reg. 1.79
- NEW! 5.75 oz. Baby Oil Body Mousse Reg. 3.69

1.99
1.25
2.69



REVCO BABY OIL

- 160 ct. Reg. 2.09
- STORE-AID BABY OIL 16 oz. Reg. 2.19

1.69

Revco's circulars feature both brand-name and private label baby-care products.

Highest volume baby care needs

(retail dollars)

1. Q-Tips 300s
2. Q-Tips 170s

Source: Drug Store News research

Triple-A Product Study: Film, Household Supplies

TRENDS

Promotional multipacks spur chains' film sales

Film sales have been on a roll in drug stores, helped by an upswing in sales of promotional multipacks and amateurs' growing use of point-and-shoot 35mm cameras.

Drug chains in 1987 garnered 24 percent of the nation's 780.6 million rolls of film sales, outpacing supermarkets, with 15 percent, and camera stores, with 5 percent.

Mass merchandisers—who have been leading the trend of installing in-store mini-labs—held top share, accounting for 44 percent of sales, as total film sales in units grew 13 percent, the Photo Marketing Association reported.

The multipack segment is driving growth in all channels. Sales of multipacks jumped 50 percent from 1986 to 1987, when they represented 20 percent of all sales, industry sources reported.

Multipacks have simply added punch to drug chains' film programs, which typically employ strong presentations and regular promotions. Drug stores continue to aggressively seek impulse sales, by devoting checkstand space to film, using floorstands, and cross merchandising with cameras and batteries.

The growth in popularity of the 35mm format, and booming sales of 35mm cameras, are driving industry forces. Indeed, 35mm film accounted for 69.2 percent of the 1987 photo processing business, the PMA said.

An industry source estimated 35mm and 110 film sales grew at a pace close to 20 percent, as disc and 126 film sales declined.

Catering to the demand,



This display promotes film processing while encouraging customers to restock on film.

both Kodak and Fuji unveiled new 35mm color print film—Kodak's "Gold" film, and Fuji's Fujicolor Super HR.

House-brand films also grew in popularity, affording higher margins and price-point image building. Thrifty, Hook, Osco, Rite Aid, and K mart are among chains with

their own labels.

A key issue for drug chains is the proliferation of the mini-labs. Can drug stores afford them, and be as competitive as mass merchandisers, who have the store space, and whose shoppers have longer visiting times?

Improvement in one-hour

processing equipment has made some merchandisers rethink mini-labs' feasibility.

Meanwhile, Eckerd has set the pace in mini-lab rollouts, and chains such as Walgreen, London Drugs, Arbor and Longs are either already promoting in-store processing or seriously contemplating an entry.

Fastest-moving film/video products

(unit sales)

1. KODACOLOR VR-G CB 135-24C
2. POLAROID 600 FILM HIGH SPEED
3. KODACOLOR VR-G 100 CA 135-24
4. SCOTCH T-120 VHS BLANK VIDEO CASSETTE
5. KODAK VIDEO CASSETTE
6. SONY VHS VIDEO CASSETTE
7. KODACOLOR VR-G CB 110-24C
8. POLAROID SX-70 TIME ZERO FILM
9. KODACOLOR DISC FILM CVR 15-2
10. KODACOLOR VR-G CC 135-24
11. KODACOLOR FILM SINGLE CVR-DISC 15
12. SONY BETA VIDEO CASSETTE
13. KODACOLOR VR-G CB 110-12C
14. POLAROID SPECTRA FILM
15. KODACOLOR VR 1000 FILM CF 135-24
16. KODACOLOR VR-G FILM CM 110-24
17. KODACOLOR VR-G FILM CB 126-24 CT
18. SCOTCH BETA VIDEO CASSETTE
19. KODACOLOR VR-G CB 126-12C

Source: Drug Store News research

Housewares dept. an appealing convenience



A household goods display at a Rite Dunnington in Cambridge, Mass.

Even chains that emphasize the core health care categories recognize the appeal of a housewares section to the time-poor shopper.

Plastic and rubber goods, brooms, mops and cleaning chemicals log steady growth rates, and they are among the most frequently advertised categories among drug chains as a result.

In one recent month, for example, circular ads for cleaning supplies, non-electric housewares, and plastic housewares accounted for 6.8 percent of all circular ads by the top 20 drug chains, according to Vereen and Associates, Inc., the ad tracking service.

Air fresheners; bleaches; household, bathroom and glass cleaners; laundry detergent; dishwashing liquid; and fabric softener are products that are heavily and regularly advertised, in branded and private label form.

Recently, Thrifty advertised a private label air freshener at 75¢ for 7 ounces. Revco's store brand carpet and room deodorizer was listed at 79¢ for 16 ounces. Snyder's promoted a toilet bowl cleaner at 69¢ for 12 ounces. And Walgreen's offered private-label scouring cleanser at four 14-ounce cans for 99¢.

Rubbermaid is far and away the most heavily-promoted plastics item.

Items including laundry and waste baskets, food containers, and serving containers by Rubbermaid have been widely represented in circular advertising by the major chains.

Anchor Hocking, Sterilite, and Tucker are other promoted brands.

Fastest-moving household items

(unit sales)

1. DOVE SOAP BATH SIZE 4.75 OZ.
2. ARM & HAMMER BAKING SODA 16 OZ.
3. DOVE SOAP BAR WHITE 3.5 OZ.
4. DIXIE PASTEL CUP 7 OZ.
5. COMET CLEANER 14 OZ.
6. JERGENS SOAP 4.5 OZ.
7. PLEDGE LEMON 7 OZ.
8. COAST SOAP BLUE BATH SIZE 5 OZ.
9. IVORY PERSONAL SIZE 4 PK
10. CARESS BAR SOAP 4.75 OZ
11. CHARMIN BATH WHITE 4 CT
12. PUFFS FACIAL ASST 175 CT
13. KLEENEX FACIAL FOIL PACK WHITE 175 CT
14. DAWN 22 OZ
15. AJAX CLEANSER 14 OZ
16. PALMOLIVE 22 OZ
17. REYNOLDS WRAP 25 FT
18. WASH-N-DRI 20 CT
19. TIDE LIQUID 64 OZ
20. SAFEGUARD SOAP BATH SIZE 5 OZ

Source: Drug Store News research

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Triple-A Product Study: Batteries



Chains seem to favor small-count battery packs over multipacks to help minimize inventory costs.



An endcap display of Eveready and Kodak batteries at a Dallas Page Drug.



Merchants often display batteries near devices they power to stimulate impulse purchases.

Fastest-moving batteries

(unit sales)

1. DURACELL ALKALINE BATTERY AA 4 CT
2. ENERGIZER ALKALINE BATTERY AA 4 CT
3. DURACELL ALKALINE BATTERY AA 2 CT
4. ENERGIZER ALKALINE BATTERY AA 2 CT
5. DURACELL ALKALINE BATTERY C 2 CT
6. DURACELL ALKALINE BATTERY D 2 CT
7. DURACELL ALKALINE BATTERY 9V
8. ENERGIZER ALKALINE BATTERY C 2 CT
9. ENERGIZER ALKALINE BATTERY D 2 CT
10. EVEREADY SUPER HEAVY DUTY AA BATTERY 4 CT
11. ENERGIZER ALKALINE BATTERY 9V
12. KODAK ALKALINE BATTERY AA 4 CT
13. EVEREADY SUPER HEAVY DUTY D BATTERY 2 CT
14. EVEREADY SUPER HEAVY DUTY C BATTERY 2 CT
15. DURACELL ALKALINE BATTERY AAA 2 CT
16. EVEREADY GENERAL PURPOSE BATTERY AA 4 CT
17. EVEREADY GENERAL PURPOSE BATTERY D 2 CT
18. EVEREADY GENERAL PURPOSE BATTERY 9V 2 CT
19. KODAK ALKALINE BATTERY AA 2 CT
20. KODAK ALKALINE BATTERY C 2 CT

Source: Drug Store News research

Chains charge battery sales by generating impulse buys

Drug chains want to hold tight to their battery market share, since annual growth of 8 percent to 10 percent—fueled by heavy-user households—is projected to continue well into the next decade.

Drug chains gained 1 percent in battery sales share during the past five years, a pace that was outstripped slightly by discount and food stores.

Merchants agree that generating impulse purchases is key to category growth, so batteries are displayed throughout the store, usually near devices they power.

Such devices as cassette recorders and toys are typically owned by heavy-using households, which can consume 96 batteries per year.

Drug chains seem to favor small-count packs to multi-

packs to help minimize inventory costs, figuring that impulse displays of one-, two- and four-packs generate fast turns. In addition, buyers see

Drug chains gained 1 percent in battery sales share during the past five years, a pace that was outstripped slightly by discount and food stores.

value in selling zinc general purpose batteries as a lower-price alternative to alkalines.

Vendors have maintained feverish promotional programs, keeping buyers interested in the broad assortments available. As an example, Kodak batteries have gained a niche in drug stores, and will continue

to benefit from the halo effect of its strong brand identification in film.

Eveready and Duracell have also brought out new products and merchandising systems. Eveready's "Conductor" battery, aimed for use in audio devices, has been picked up. Rayovac and Panasonic, most successful in the discount store channel to date, are pursuing programs aimed at drug stores.

Rayovac, for example, introduced a checkout pack system that sells single and double count packs from gravity-feed and wire rack displays.

Although battery use is growing overall, rechargeable batteries have yet to gain widespread acceptance because consumers are unfamiliar with the products, and the recharging units and batteries are relatively high ticket.

TRENDS

Position, space, advertising can get hosiery sales running

The ladies' sheer hosiery category—though posting flat sales overall—is experiencing a growth “run” at some drug chains.

Total pantyhose/soft goods sales at drug chains in 1987 grew about 6.6 percent, according to the *Drug Store News* Annual Report.

“The ladies’ sheer hosiery category is a \$2.5-billion category in dollar share, with drug chains representing 12.5 percent of the market,” said Sam McCormick, vp of product development at Kayser-Roth.

Drug chains have experienced a 1-percent increase in dollar share versus one year ago today, McCormick estimates.

Stephanie Hayter, buyer at Genovese Drugs, attributes growing sales to several factors. The chain has added space for its reintroduced private label brand. It now allocates an average 28 square feet to women's sheer hosiery.

“In most of our remodeled and new stores, the category is found in the front of the store, since it is a high-impulse item, and is placed near the cosmetics section,” Hayter said.

Hayter said the increased exposure has been beneficial to

Total hosiery units purchased		
	1988 1st quarter (in thousands)	1987 1st quarter (in thousands)
Support	27,324	27,979
Control top	75,839	71,017
Regular	126,446	144,582
Total	229,609	243,578

Source: MRCA Information Services

the sale of Underalls, No Nonsense, L'eggs, and its own brand.

At Rix Dunnington in Massachusetts, buyer Jay Weiner is also experiencing growing sales in the two brands Rix carries: L'eggs and No Nonsense.

He said heavy advertising from the two vendors and fashionable new product introductions have boosted sales.

“The pantyhose are more sheer than they were a couple of years ago, and newer seasonal styles such as summer pastels and winter hosiery” are fueling sales, he said.

Katie All, hosiery buyer for Bill's Drugs in Lafayette, Calif., said sheer hosiery sales are growing due to the fact that more women are working and dresses are making a big come-

back in the workforce.

Hemlines are not really a factor, she said, as pantyhose are worn with both long and short skirts.

Chains take different approaches to merchandising and promoting the category.

Cunningham Drugs, for example, has gained sales growth without strongly promoting.

The chain does not advertise the No Nonsense and L'eggs brands it carries, and typically doesn't offer everyday discounts on the manufacturers' suggested retail price. But the chain may offer a 50-cent promotion off certain styles, says president Jim Devine.

Devine said the pastel sum-



This Hollywood, Calif., CVS displays private-label hose alongside L'eggs.

mer shades and in-store floor-stands have increased the sale of hosiery at the chain. A major concern was fitting in the stands in the 6- to 10-foot allocation for the hosiery department.

Kayser-Roth's McCormick argues hosiery promotion at a slight discount with advertising will drive sales better than heavy discounting by itself.

“A 10-percent discount on the suggested retail price with a strong advertising or in-store promotional display feature is equal to a 50-percent discount on an unadvertised basis,” McCormick says.

One buyer for a Northwest chain agrees with Devine that a

big problem in merchandising its 8- to 12-foot sheer hosiery section is that “floor space tends to get a bit cluttery.”

At Rix Dunnington, Weiner also struggles with space limitations. The chain has decreased floor displays.

Rix advertises through circulars, and offers a 10-percent everyday discount on the manufacturers' suggested retail price to compete with supermarkets and other drug stores, he said.

Women's sheer hosiery used to be a private label business, and some chains are getting back to basics with introductions of their own lines.

Hayter said Genovese rein-

Hosiery volume in drug stores

Type	Period	Units purchased (in thousands)	Share	Dollar volume (in thousands)	Share
Support	1 Q 1988	2,786	10.2%	\$ 7,617	10.6%
	1 Q 1987	1,691	6.0	5,168	6.7
Control top	1 Q 1988	4,129	5.4	9,051	5.2
	1 Q 1987	4,661	6.6	9,861	6.1
Regular top	1 Q 1988	12,830	10.2	16,133	8.7
	1 Q 1987	12,465	8.6	14,307	6.9

Source: MRCA Information Services.

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roduced its brand into the market about a year and a half ago.

Private label is the most profitable segment of a category that is profitable overall, with 35-percent margins, she said.

Genovese's brand has a facing between L'eggs and No Nonsense, and is priced at 25 percent to 30 percent below the national brands. The line consists of a sheer-to-waist hose, regular (nonsupport) hose, knee highs, control top and ultra sheer hose.

Genovese is in the process of changing its packaging for a more upscale look, “comparable to the Underall brand,” said Hayter, “with a department store look package.”

Bill's Drugs has also increased department space to 16 feet to 40 feet to make room for its new six-SKU private label pantyhose line. It's packaged in a soft pouch similar to the No Nonsense brand, said All.

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Brokers Want To Give Regional Marketing Support To Retailers & Manufacturers

Grocery product buyers for nonfood chains often rely on brokers to obtain product and information from grocery product manufacturers.

Now a new survey suggests that brokers, who traditionally have performed primarily as manufacturer sales representatives, will have a broader role to play in helping manufacturers better service their retail and consumer customers.

According to the survey, which was recently sponsored by the National Food Brokers Association, many brokers today are expanding into regional marketing programs that are designed to improve the retail sell throughs of the brands and products they broker.

The survey revealed that 81% of all manufacturers and 92% of all brokers believe that brokers should be involved in the regional marketing of their client's products.

The survey also showed that currently 81% of all brokers say they are involved in regional marketing of dry groceries while 22% are involved in the regional marketing of non-food groceries like pet foods and pa-

Marketing Services Added by Brokers
In Last Two Years

Services	% of Brokers who added this service in the past two years
Increased retail coverage	76%
Regional marketing advice to manufacturers	75
Developing local trade promotions	72
Computer reporting systems	71
Event marketing	68
Computer order/entry systems	64
Market research/analysis	50
Computerized planograms	5
Other	15

Source: National Food Brokers Association

per supplies. 24% of the brokers also said they are involved in the regional marketing of household cleaners.

The above chart gives an example of how much more involved today's brokers are becoming in regional marketing.

Consumers Sweet Tooth Keeps Them Hooked On Candy

What makes candy such a profitable category in today's retail marketplace.

Well, it seems to be one of those things that consumers just can't do without. According to the latest statistics, 90% of all U.S. households buy candy.

The frequency of purchases breaks down this way:

- 9% of all adults buy candy daily
- 56% buy it "at least" once a week.
- 31% buy it less than once a week, but at least once a month.
- And 13% buy it less than once a month.

Source: Opinion Research Corporation



65% Of All Teens Drink One Soft Drink A Day Most Tell Their Parents The Brand To Buy

Teenagers are big spenders in today's affluent youth market. Not too surprisingly, one of their favorite purchases is soft drinks. However, have you ever wondered how many teenagers consume soft drinks and how often.

TEEN Magazine was recently curious about that so they did what their editors call a "soda quota" special market research survey.

Here are their findings from a survey that was done last Fall.

- 65% of all teenagers enjoy a soft drink "at least" once a day.
- 41% quench their thirst with a soft drink more than once a day.
- 36% prefer regular soft drinks; 26%, diet, and

36% have no preference.

- Of those that prefer regular soft drinks, 59% are weight watching.

- 69% of those who prefer regular soft drinks think they taste better.

- 53% say either they themselves or their parents bought the soft drinks. Of those that said their parents were the primary purchases, 82% said they specified the brands to buy.

- 94% say that soft drinks are served at teen parties; 57% said they throw two or more parties a year.

- 63% buy their soft drinks, at least sometimes, in vending machines. Only 6% said they bought soft drinks in drugstores, but 32% said they do buy them in convenience stores. 24% said they also buy soft drinks in grocery stores. Discount stores were included in the survey in the category of other.

TEEN based its findings on 475 completed questionnaires. The average age of the respondents was 15.7 years.

Ad Watch: How Drug Chains Are Promoting Foods

Starting with this issue, FM is launching a regular ad tracking feature on promotional groceries.

The charts in this section of FM are designed to help our retail readers quickly identify some of the current trends in promoting

groceries. In later issues, we hope to be able to include discount and food chains in our ad tracking reports.

We recommend that you use these charts as a tool for measuring and evaluating your current advertising strategies relative to

the national market.

At a glance, you should be able to see if your own ad programs include the most frequently advertised brands within the food category.

You should also be able to identify categories where the pricing competition is particularly intense, and that will give you the option of deciding whether you want to "bang heads" with other chains on these categories, or back away from advertising them until the pricing competition eases off.

Comparison of Chain Drug Store Ad Prices For Food Products*

Brand	Size	Chain	Ad Price	Market
Coca Cola	2 liter	Dart Drug	99¢	DC
Coca Cola	2 liter	Rite Aid	\$1.15	Pa.
Coca Cola	6 pack	Super D	\$1.59	Tenn.
Coca Cola	6 pack	Rite Aid	\$1.75	Pa.
Frito Lay	7 oz. chips	Pic N Save	79¢	N. Fla.
Frito Lay	7 oz. chips	Medic Discount	89¢	Ohio
Gelsha	6.5 oz. lgt. tuna	Osco	2/99¢	LV
Gelsha	6.5 oz. lgt. chunk tuna	Walgreen's	2/\$1	Ill.
Nabisco	18 oz. Chips Ahoy	Pay Less	\$1.99	Ca./Ore.
Nabisco	18 oz. Chips Ahoy	Bud's	\$1.89	DC
Pepsi	2 liter	People's	99¢	DC/Ind.
Pepsi	2 liter	SuperRx	99¢	Ohio
Pepsi	6 pack	Walgreen's	\$1.49	Ill.
Pepsi	6 pack	Longs	\$1.69	Ca.
Planters	Cheez Balls	Walgreen's	79¢	Ill.
Planters	Cheez Balls	People's	89¢	DC

+ Ad Tracking for the months of September and October 1987

Source: Vereen & Associates

*Print ads only

Chain Drug Stores: Most Frequently Advertised Food Brands

Brands	Category	% of all Food Ads**
Pepsi Cola	Soda	4.1%
Coca Cola	Soda	3.2
Frito Lay	Potatoe Chips	2.6
Nabisco	Cookies/Crackers	2.6
Gelsha	Canned Fish/Canned Foods	1.1
Planters	Chips Snacks	1.1
Orville Redenbacher	Popcorn	0.8
Total as a % of all Food Ads		15.5

+ Ad Tracking for the months of September and October 1987

Source: Vereen & Associates

**Print ads only & does not reflect size of feature ads

Chain Drug Stores: Most Frequently Advertised Food Categories

Product Category	% of total food ad space in chain drug print ads
Soda	8.6%
Cookies	3.7
Potatoe Chips	3.7
Corn Chips/Cheese Balls/Pretzels, etc.	2.5
Fruit Drinks/Juices	1.9
Popcorn	1.9
Ice Cream/Sherbet	1.8
Candy	1.7
Canned Fruit	1.7
Crackers	1.4
Canned Fish	1.3
Total as a % of all Food Ads	30.2

+ Ad Tracking for the months of September and October 1987

Source: Vereen & Associates

The information in this survey is based on an ad tracking service developed by Vereen & Associates, Indianapolis.

Vereen covers 100% ad activity in 40 drug store product categories.

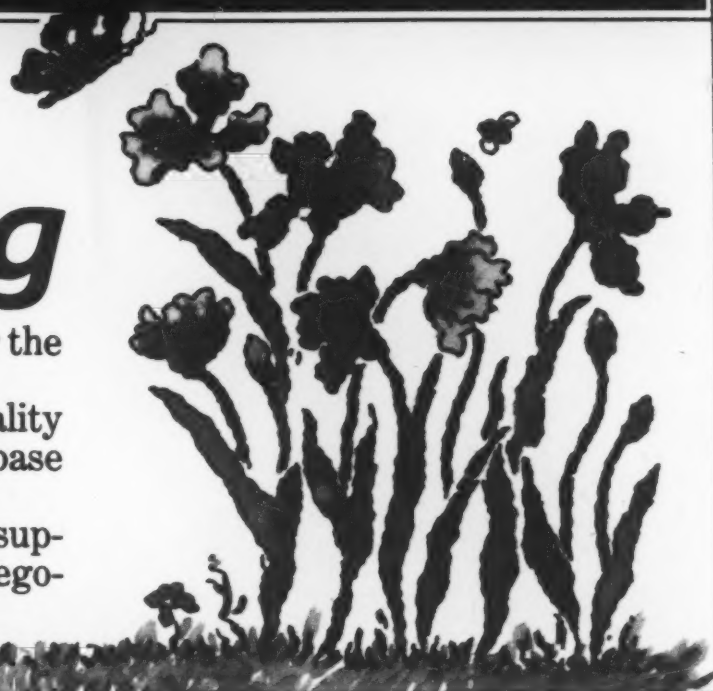
The service now monitors the print ads of the industry's 30 highest volume drug chains.

Best Selling Categories of Spring

The chart below lists the best selling categories in food stores for the months of March, April and May.

The rankings are based on a special Sami study tracking seasonality growth trends by category. The categories that made the list had a base index of at least 110 for the three years ended in May, 1986.

Knowing the index makes it easier for food, snack and household supply buyers in drug and mass merchandise stores to identify the categories that will turn the fastest for a planned seasonal promotion.



Foods and Groceries: Best Sellers of Spring

(Average three year index ranking)

March		April		May	
Foods	Index Ranking	Foods	Index Ranking	Foods	Index Ranking
Packaged candy covered non-chocolates	222	Soft drink mixes	198	Freezer bars	237
Packaged jellies	163	Iced tea mixes	153	Barbecue sauce	191
Tartar sauce	143	Instant tea	153	Relishes	173
Diet desserts	141	Barbecue sauce	150	Fruit pectin	171
Canned salmon	138	Freezer bars	149	Iced tea mix	164
Packaged solid chocolates	137	Diet desserts	128	Instant tea	159
Fruit rolls & bars	133	Canned apricots	120	Canned salads	158
Dried Prunes	126	Canned pears	119	Pork & beans	150
Canned hams/meats	126	Diet canned fruit	118	Soft drink mix	150
Diet canned fruit	124	Canned peaches	117	Meat sauce	131
Packaged other chocolates	124	Fruit rolls/bars	117	Mustard	128
Canned peaches	117	Diet canned fruit	117	Pickles	125
Canned beets	117	Dry topping mixes	117	Lo-cal salad dressings	123
Cereal meal bars	116	Dried prunes	116	Pourable salad dressings	123
Gelatin desserts	116	Canned pineapple	112	Potato chips	121
Diet jams/jellies	116	Canned spinach	112	Diet desserts	113
Dried apricots	116	Diet jams, jellies spreads	111	Juice & Juice concentrates	113
Honey	116	Prepared mustards	111	Non-chocolates	112
Canned spinach	115	Gelatin desserts	110	Canned sausages/franks	112
Pizza products	114	Grape juice	110	Nonfoods	
Breading/batter mix	113	Nonfoods		Charcoal	212
Diet canned vegetables	113	Insecticides	225	Charcoal lighters	210
Nonfoods		Insect repellents	213	Insect repellents	206
Car care products	124	Charcoal lighters	160	Insecticides	173
		Car care products	151	Car care products	145
		Charcoal	143	Paper & plastic plates	140
		Window cleaners	115	Plastic flatware	138
		Furniture care	111	Paper/plastic cups	123
				Window cleaners	118
				Motor oil & car additives	115
				Paper napkins	110

Source: Sami Seasonality Study



Warehouse club stores appeal to businessmen, professionals and off the street consumers.

Membership Warehouse Club Sales Soaring

Sales for membership clubs jumped 31% to \$10.7 billion in 1987.
Top 12 chains now account for 95% of total industry sales.

The wholesale/warehouse club industry continued to show dramatic growth in 1987.

According to the Fm's sister publication, *Discount Store News*, sales for the industry rose an estimated 31% in 1987 to \$10.7 billion.

About 95% of the industry's volume is generated by the nation's dozen largest warehouse club chains, led by San Diego-based Price Club which has a 32% share of all major wholesale club chain sales.

The Top 12 chains, *Discount Store News* also estimates, now operate a total of 273 units (some wholesale club operators object to the word stores because their units perform a cash and carry wholesale service). Altogether,

their unit count is up 54% over 1986.

For 1988, *Discount Store News* is estimating that the Top 12 chains will open another 60 units, for a store universe growth rate of 22%.

If the industry achieves its growth plans, and it is likely that it will, then *DSN* and *Fm* are estimating that dollar sales for all chain Membership Clubs will top \$13 billion in 1988, and sales for the industry may exceed \$14 billion.

Membership Clubs: The customer base and the mix

A hybrid that is partly a cash and carry wholesale operation and partly a super sized retail store, the typical warehouse club unit

**Membership Warehouse Clubs:
Sales and Unit Growth**
(1983 through 1990)

	Sales (billions)	Units
1983	\$ 1.0	36
1984	\$ 2.4	79
1985	\$ 4.5	137
1986	\$ 8.2	228
1987	\$10.7E	325*
1988	\$14.2P	400*
1989	\$17.8P	505*
1990	\$21.0P	600*

*means estimated. Pmeans Projected
Source: *Discount Store News* Research

sports a mix that includes edible and non-edible groceries, health and beauty aids, apparel and other softwear, and a variety of hard line items ranging from televisions and stereos through tires and such gadgets as electronic garage door openers.

The customer base is predominately small business with off-the-street consumers usually making up about 30% of a typical wholesale club's customer mix.

Sometimes, however, the customer mix can be more in the vicinity of 50% small businesses buying on a cash and carry basis and 50% off-the-street customers buying case loads of low- to mid-ticket items and singles of high-ticket items like televisions.

Margins average about 10%

Mark-ups in a typical Warehouse Club are typically low to generate turns. Most Clubs say they charge wholesale prices plus a small mark-up of approximately 5%. Profit margins generally average about 10% overall.

Most Clubs also charge members a fee to join as well as an annual fee to remain a member. Most Clubs usually insist on cash payments rather than checks or credit cards.

The typical club also has a mix of about 3,500 to 4,000 sku's and generally turns its inventory between 12 and 20 times a year.

Who's Who In Membership Clubs

The leading chain in the segment is still Price Company, whose founder Sol Price opened the first membership club in San Diego, California back in 1976.

However Sam Walton who founded the Wal-Mart chain is fast moving up from second place and it looks like his Sam's Wholesale Clubs, based in Bentonville, Ark., may overtake the Price Clubs for the number one spot either later this year or sometime in 1989.

In 1987, Price Club generated approximately \$3.2 billion in sales, up 25% over last year. Their unit count rose from 27 to 37 and they are planning to end 1988 with 41 units.

Sam's Wholesale Clubs now numbers over 84 units, an increase of 71% over last year. Walton says

his chain will probably end the year with about 102 units.

In 1987, Sam's Wholesale Clubs generated \$2.67 billion in sales and had a market share of 26% among the Top 12 chains. Their sales were up 59% over last year.

Costco, based in Seattle, Wash., is in third place with a 13% share of all chain sales. Their 1987 sales were up 83% to \$1.37 billion, while their unit count was up 95% to 43 units. They plan to end 1988 with 55 units.

Colorado-based PACE is in

Makro didn't open any new stores in 1987, and their sales were relatively flat, inching up about 7% to an estimated \$310 million, according to *Discount Store News*.

They do plan three more stores for 1988, however.

Price Savers of Salt Lake City opened six units in 1987 and generated sales growth of 72%. They're nearly tied for seventh place with Makro, according to *Discount Store News*' estimates, and they also have a 3% share of sales.

In 1987, DSN estimated their



The interiors of most warehouse club stores are stark. Merchandise is usually displayed on pallets, in cut cases or on warehouse shelving.

fourth place with sales of \$939 million and a share of 9%. Their sales were up 58% in 1987, and they now have 33 units compared to the 25 they had last year at this time. They plan to open another three units before the end of 1988.

Massachusetts-based B.J.'s is now in fifth place with estimated sales of \$575 million, up about 63% from 1986. They now have about a 6% share with just 19 units, up from 15 in 1986. Their management plans another four units for 1988.

Makro, Cincinnati, Ohio moves up from seventh to sixth place this year. They have a 3% share with four stores.

total sales at \$310 billion. They plan a nother six stores for 1988.

The Wholesale Club in Indianapolis is also close to a tie for seventh place. With four new stores opened in 1987, they generated sales of nearly \$272 million, up 72% from 1986. (See our Winter *F'm* issue for a profile of The Wholesale Club chain.)

In tenth place among the Top 12 is Illinois-based Warehouse Club. They opened two units in 1987 for a total of 12 and have no more units planned for 1988. Their 1987 sales were up 45% to \$228 million.

Texas-based American Wholesale with four stores doubled its sales in 1987 to \$100 million. They

only had two stores in 1986 and they plan to have six altogether by the end of 1988.

Idaho-based Club Wholesale is in twelfth place with an estimated \$70 million in 1987 sales. They opened two stores in 1987 for a total of six and plan two more for 1988.

Altogether, these 12 chains generated about \$10.2 billion in sales in 1987 from a universe of 273 stores.

Discount Store News is estimating that by 1990, there will be about 600 units in this industry

Mart, K mart's biggest competitor, currently operates two hypermarket prototypes: Super-Center and Hypermarket USA.

Groceries are an important category in hypermarket stores just as they are in wholesale/warehouse clubs, and K mart is said to have been attracted to Makro because 50% of their sales are in grocery categories. (See the Winter, 87 *Fm.*)

Wal-Mart, of course, is very close to becoming number one wholesale club operator with Sam's.

spend less per visit than wholesale customers. Meanwhile others, like Makro, are adding more service departments to enhance their appeal to retail consumers.

Makro, for example, is adding service bakeries and deli sections to its current clubs, and will include these departments in all new stores.

The Wholesale Club, on the other hand, is looking for ways to provide more service to the small business customer or to the professional doctor, dentist or veterinarian who needs to buy office supplies and other staples in relatively large quantities.

Their management tells *Fm* that they believe volume is the key to a successful wholesale club operation and they say they do not want to tie up their registers with a \$20 or \$40 purchase when a small business customer will spend \$400 to \$700 in one visit.

Price Club, too, is trying to enhance its image as a business-oriented club. Price now considers individual professionals and contractors as small businesses, and as such, they are entitled to their own membership cards rather than group memberships.

Price is also, however, moving to expand its mix into categories that will appeal to off-the-street consumers. Right now, they have optical centers in 11 stores and tests of a gas station and pharmacy are underway.

Sam's is also trying to up the volume in its stores including the 18 Super Savers it purchased in mid 1987. The typical Sam's averages about \$50 million a year in sales, far less than the \$100 million that the typical Price Club can generate.

Costco is also going after more off-street traffic by rolling out an expanded offering of fresh meats and produce. Last year, Costco also expanded pharmacies and began installing optical centers.

Some chains are also experimenting with credit cards. Buyers Club now accepts bank cards in what is an obvious move to appeal to retail customers, and PACE is testing its own credit card in some markets. Price Savers also has a company credit card.

It's clear that many wholesale club operators think they can get the dollar volume they need by being both a service wholesaler and a service-oriented retailer.

Who's Who In Membership Warehouse Clubs

(Top 12 chains by dollar volume: millions)

Chain/Company HQ	1987 sales	% chng vs '86	Total Units	% chng vs '86
1. Price Club San Diego (Price Company)	\$3.236	25%	37	37%
2. Sam's Wholesale Club Bentonville, Ark. (Wal-Mart)	\$2.670	59	84	71
3. Costco Seattle, Wash.	\$1.370	83	43	95
4. PACE Denver, Col.	\$ 939	58	33	32
5. B.J.'s Boston, Mass. Wholesale Club (Zayre Corp.)	\$ 575+	64	19	27
6. Makro Cincinnati, Oh.	\$ 310+	7	4	0
7. Price Savers Cincinnati, Oh. (Kroger)	\$ 300+	72	12	100
8. The Wholesale Club Indianapolis	\$ 272	72	15	369
9. Warehouse Club Niles, Ill.	\$ 228	45	12	20
10. Buyers Club Englewood, Colo.	\$ 120+	50	5	33
11. American Wholesale Richardson, Tex.	\$ 100+	100	4	100
12. Club Wholesale Meddian, Idaho	\$ 70	75	6	77

+ Discount Store News estimates

Source: Discount Store News Survey and annual reports

and sales will exceed \$21 billion.

K mart enters the fray

In February of 1988, K mart came into the wholesale club picture by acquiring a controlling interest in Makro. Makro currently has over a dozen units on the drawing board for next year, and K mart has said that it wants to have about 20 units by 1990, and that includes opening several new markets in the northeast and the upper midwest.

In an unrelated diversification, K mart is also in the process of developing a hypermarket. Wal-

K mart says it wants to have 20 Makro units by 1990, but Wal-Mart already has 84 Sam's and it plans to have over 100 units before the end of this year.

Wal-Mart has already become the first wholesale chain to break the 100 unit (store) mark.

Marketing changes

In terms of positioning themselves to customers, the wholesale clubs still seem to be following two major thrusts: some chains are trying to beef up their wholesale businesses so they can back away from their retail customers who

Grocery Sales up 51% in Warehouse Clubs Last Year

Growth is the result of refinements in the product mix and of a stronger marketing directed at small businesses and food service operators



Groceries account for approximately 50% of all warehouse club sales.

The wholesale/warehouse club industry did a booming business in grocery products in 1987, and from all indications 1988 is going to continue to be strong.

According to Fm estimates, based on an analysis done by Malcolm Knapp, Inc., in New York, the wholesale club industry generated a 51% increase in grocery sales in 1987 to \$5.8 billion.

With industry sales averaging about \$10.7 billion last year, grocery products garnered a 54% share of all wholesale club store sales.

Fm is estimating a more conservative increase for 1988, but our projections indicate that grocery sales will still be up a dramatic 24% to approximately \$7.2 billion. With total industry sales projected at \$14.2 billion for 1988, groceries next year should attain a 51%

share of total wholesale club sales.

Growth comes from expanding the mix

Much of the growth in this industry is coming from new store openings. The top 12 chains that do 95% of the total industry volume went from 273 stores in 1986 to 332 in 1987, an increase of 54%.

But club operators also tell Fm that their same store growth is coming from an improved product mix, from enhanced services for off-the-street customers and from strong marketing programs geared to attract food service operators and small businesses that resell groceries.

Some chains like Costco in Seattle and Makro, which is now owned by K mart in Michigan, are adding service departments like fresh

meat, fresh seafood, produce and bakeries to their mix in an effort to enhance their appeal to both consumers and restaurant operators; others like The Wholesale Club in Indianapolis and B.J.'s, which is owned by Zayre's in Boston, are refining their mix, adding more of the top 20 items that do 80% of the business, and adding previously overlooked categories like portion pack condiments for small restaurants or packages of penny and nickle candies that both restaurants and Mom and Pop operators like to use as "change makers."

Many chains are also using direct mailers and telemarketing companies to seek out and inform neighborhood small businesses about their services.

One buyer said his company was concentrating on letting the local variety store operators, and the lo-

cal office managers know that they could buy more than just stationary or cleaning aids in his stores.

"We want them to see we can also supply them with candy or soft drinks or coffee or sugar," he said. "Maybe, we have a medical complex customer buying cleaning supplies or stationary from us right now. Well, we want them to realize that if they make coffee for their customers, then they can buy their supplies here with us as well as the coffee machines and the filters.

"If a variety store is buying cigarettes and soft drinks from us now, then we want them to buy their candy and their snacks here, too. If a beautician is buying cleaning supplies from us, then we want her to think of coffee and snack supplies as well, and if her shop has a guard dog, then we want her to buy her dog food here. That's how we build the volume."

Most wholesale club executives say they can't easily classify their grocery shopper. He or she, they say, buys groceries to meet a variety of needs, ranging from purely business to purely personal.

"I often watch the customers checking out of my warehouse stores," says Thomas Geisse, Marketing VP for the \$271 million The Wholesale Club chain, "and I wonder what they're going to do with the different things they're buying.

"It's easy to spot the consumer who is just buying groceries for her family, or the gas station operator who's buying a box of doughnuts to snack on while he puts in the batteries he's just bought or the tires, but when you see someone who may have a flatbed filled with chemical supplies, clothes, appliances and cases of soft drinks, you really can't be sure what their end use is."

Among the 12 chains that now do 95% of all wholesale club volume, the Price Club is considered the undisputed leader at maximizing sales. Their 37 stores average about \$100 million a year in sales, and although their mix is relatively small averaging about 3,500 sku's, it is carefully tailored to feature what the 60% of its members who are wholesale customers seem to want.

The Price Club boasts turns of between 18 and 25 a year, which is more than double what most of the



Perishables are an important part of the average warehouse club grocery mix. Customers buy for their personal use as well as resale.

Grocery Sale Trends In Membership Warehouse Club Stores (retail sales millions)

Category segment	1982	1985	1986	1987	1988
Packaged Groceries (excluding snacks)	\$122	\$1,526	\$2,802	\$4,203	\$5,181
Packaged					
Alcohol	\$ 13	\$ 174	\$ 327	\$ 490	\$ 603
Paper Goods	\$ 11	\$ 153	\$ 288	\$ 444	\$ 564
Soaps/Household					
Cleaners	\$ 12	\$ 157	\$ 296	\$ 449	\$ 560
Pet Foods	\$ 6	\$ 80	\$ 154	\$ 239	\$ 304
Total Sales	\$164	\$2,090	\$3,867	\$5,825	\$7,212

Source: Malcolm M. Knapp, Inc., New York

competition can achieve.

"The secret," says a source, "is to carry what's most in demand. The large institutional size packs like the number ten size cans of fruits and vegetables, the 64-oz. cans of sauce and ketchup, the 50-lb. bags of dog food are very important to the wholesale customer.

"So are multiple packs of items like tuna and frozen meats.

Operators also say that brand name merchandise is important to them, particularly because selling brands at wholesale prices helps them establish their market identity and, as one source said, "it helps persuade our wholesale customers that they can rely on us for

quality as well as for service."

Groceries have been generating about 50% of wholesale club sales even since the industry was born about six years ago. Most companies think groceries will continue to account for about half of the business for many years to come.

"It's the one category that people have to buy daily," said one buyer. "You buy it. You use it. You come back for more. In a way, it's the heart of our business, because it brings in the traffic that exposes our customers to all the other variety we have to offer. And when we take a 3% or 5% margin on a grocery or a soft drink, it sends a very good message to our consumers.



Nonfood chains are giving more space to household cleaning items. Turns are excellent.

Cleaning Supply Sales Up In NonFood

Most chains buy their cleaners on deal. On promotion, margins average 20% and everyday, they average 40% in this profitable category.

Kmart used to be the most aggressive nonfood promoter of household cleaning products as traffic builders, but now everyone in nonfood is featuring cleaners, from small independent drug stores to the Sam's Wholesale Clubs that average \$50 million a year in sales.

According to Kline & Co., a marketing consultant firm based in Fairfield, N.J., household product sales are down in food stores, by 2% to 5% depending on the category, but they are up significantly in nonfood outlets.

Nonfood chains are promoting the category more often, they are increasing the number of household cleaning skus in their private

label lines, they are building more ends featuring cleaners, and chains with large stores are putting them out on floor stacks and pallets.

The fact that the category is down overall in food stores, say buyers and nonfood brokers, is not a problem for the nonfood industry. "You are looking at a multi-billion category," says broker Rick Bloom, who manages the Crofton, Md., branch of Watt & Company, "and there are plenty of people buying cleaners."

"It's a very attractive category with women shoppers. The nonfood stores are using cleaners both as a convenience department for their shoppers and as a traffic

builder. And both ways, it's working well. With everyday margins of 40% to 55%, it's a very profitable regular department."

Buyers and brokers also say there is a lot of flexibility in the category in terms of what sells well. National brands like Tide, Clorox, Dawn and Wisk always do well, but so do some of the lesser brands like Real Pine, Bab-O and Purex.

"For some of the bigger brands like Tide and Clorox, there is a lot of price sensitivity," said a source for K mart. "These are items that most women buy one or two times a month, and they know the prices on these brands, so when we undercut the food stores by 20% or 30%, we generate a lot of traffic."

"On the other hand, women also buy a lot of cleaners on price alone. Bab-O is not Comet, but if we feature it at five 14-oz. cans for \$1 as we often do, we can turn a lot of product. And because we're only buying on promotion, we can even make some money."

Some of the lesser known cleaners like a Murphy's Oil Soap also do very well in nonfood stores. Buyers say there is virtually no feature activity on a brand like Murphy's from the food stores, so they don't have to worry about banging heads when they feature it.

Drug chains, in particular, have been aggressively promoting Murphy's lately, and Art Silver, President of Silver Marketing in Berlin, N.J., says that it has been "blowing out the doors."

Frequently Promoted Cleaning Products In Nonfood Stores

Product	Popular Promotional Price
64 oz Wisk	2 for \$5
14 oz Bab-O Cleanser	5 for \$1
22 oz Joy	\$1
22 oz Dawn	\$1
128 oz Purex	\$1
12 oz Shout	\$1
3 pack Ty-d-Bowl	\$2
16 oz Woolite	2 for \$3
1.7 oz Vanish Drop-ins	3 for \$2.25
24 oz Vanish	\$1
147 oz Purex laundry soap	\$3.37
60 oz Cascade	\$1.89
28 oz Parsons ammonia	42 cents
14 oz Carpet fresh	\$1.44
20 oz Magic Sizing	77 cents
Package of 8 Handi Wipes	97 cents
Package of 5 Stretch 'n Dust	97 cents
Source: Fm Research	

"When the nonfood chains promote Murphy's," he said, "they feature the 16-oz. size at 99 cents to \$1.09. Food stores generally charge about \$1.29 for it every day. The key to turning the household chemicals in nonfood is pricing it considerably lower than the food stores. The chains are finding that when they go out with something

New Era for Private Label Cleaners

Nonfood chains are beginning to upgrade their private label cleaning products.

Sources say that chains like Peoples, Rite Aid, K mart, etc., are planning to upgrade their formulations as well as their packaging so their own store brands can match the national brands on both quality and presentation.

At least one major food chain, Weiss Supermarkets in the northeast, has already taken this step, and a source says their sales of private label cleaners are showing stronger growth.

"Right now," says one source, "a chain may have a private label dish-washing detergent and typically, that formula will contain between 25% and 34% solids. Well a national brand like Dawn contains about 40% solids. That means the national brand is able to wash more dishes because the higher the solids level, the more dishes you can wash.

"The nonfood chains want their store brands to stand for quality so you're seeing a trend to upgrade their formulations, and at the same time, the chains are working on upgrading their packaging.

Some private label manufacturers in fact are now doing cross labeling for their customers just as the national brand manufacturers do. A few companies will cross label a store brand so the retailer can put a 25 cents off coupon, good toward a purchase of maybe their private label fabric softener, on a bottle of their private label dish detergent.

Other chains are talking to manufacturers about developing trial sizes, and in some food stores, you're soon going to be able to see knock off labels that read something like this: "If You Like Dawn, Try Me."

One source said the trend marks the emergence of the private label industry into "the era of marketing."

like Murphy's at the right price, it blows out the doors."

Murphy's Oil Soap is showing a 30% increase in my nonfood sales," says Burt Houseworth, President of Key Stone Brokers in Oradell, New Jersey. "But, in fact, the entire category is showing growth in the mass market stores. Every major chain is promoting cleaners, and there's more couponing and more multiple promotions going on than I ever remember seeing."

Drug Emporium stores in Philadelphia have done so well with the Murphy's Oil Soap on promotion that they have now added four skus to their everyday planogram.

One source says the average store is generating about \$400 a

month with that item. Because a lot of the product is bought on deal, the source says the margins are averaging about 18%.

Drug Emporium also does a fantastic business with detergents, dish washing liquids, bleach, fabric softeners and furniture/appliance cleaners. Many of their stores give the category about 36 ft of space, plus ends, case stacks and floor stacks.

"We get a lot of traffic in our stores and the women recognize that our prices are below the market so we get great turns. We also buy a lot on deals so we get good margins. Overall, cleaners are a very profitable category for us," says Bob Lyons who manages the

Growth In Household Cleaning Product Sale (billions of dollars at wholesale)

Category	1986	1987	% chng
Soaps & Detergents	\$4.7	\$4.9	4%
Laundry Additives	\$1.6	\$1.7	6%
Specialty Cleaners*	\$1.3	\$1.4	8%
Deodorizes & Disinfectants	.570	.580	2%
Pollshes & Waxes	.340	.330	(3%)
Total Cleaners	\$8.9	\$8.5	5%

*Includes ammonias, anti-static products, bathroom cleaners, glass cleaners, etc.

Source: Kline & Co., Fairfield, N.J.



Chains are giving cleaners more feature and off-shelf display space. Sales are up in drug and discount stores.

northeast division of Drug Emporium.

Most drugstores, give the department less space, however. The typical range is from about 12 to 32 ft. Many discount stores give the category as much as 36 to 48 ft., plus end caps and floor stacks. On promotion, discount stores are generally more aggressive with price than drug stores.

"We promote many items as close to cost as possible," said the manager of a Caldor in New Jersey.

"We want to make a statement to our consumers that we stand for value, so it makes sense to make a price statement with something as visible as a household cleaner."

Dart Drug in the Washington, D.C. market has a similar philosophy. Their stores promote household cleaners almost on an everyday basis, and they have given it as much as 50 to 60 running ft. in their stores.

One manager says, "we buy as much as we can of it on promotion and then we just stack it out."

Many chains also have a wide selection of household cleaners available under their own store labels.

K mart, in fact, has just created

recent roto featured the K mart oil soap at a 44% savings, 32 oz. for \$1.27 versus the regular price of \$2.27. They've also advertised

Household Cleaners: Market Share Changes

(Change in sales share 1987 vs 1986)

Segment	Food's Current share	Food stores	Nonfood stores
Soaps & Detergents	80% Plus	(3%)	3%
Laundry Additives	80% Plus	(2%)	1
Specialty Cleaners*	70% Plus	(3%)	2
Deodorizes & Disinfectants	70% Plus	0	0
Polishes & Waxes	75% Plus	(5%)	5%

*Includes ammonias, anti-static products, bathroom cleaners, glass cleaners, etc.

Source: Kline & Co., Fairfield, N.J.

its own private label version of a Murphy's Oil Soap. "It sold so well for us," said one source, "that we realized we could turn it often enough to make it pay as a private label."

K mart often promotes its private label cleaners in its ads. One

their own 19-oz. spray disinfectant for \$1.42, for what the ad said was a "50% savings."

Their dollar day sale circulars almost always include their own private label cleaners. Last spring, the ad featured their own 20-oz. Bathroom Cleaner for \$1 as

well as their own Fabric Softener in sheets or concentrate for \$1.

Many drug chains also have their own private label cleaners, especially on commodity items like bleaches, ammonias and window cleaners. A source for Pennsylvania-based Rite Aid said they got into it as a way of "offering value" to their consumers.

"It also gives us a chance to feature three of four private label cleaners on one end," said one Rite Aid manager in Pennsylvania.

A Peoples source in Alexandria, Va., where the chain is headquartered, said that having cleaners in the line "rounded out" their private label program and gave them a chance to do a whole Sunday circular on private label.

"In those ads, we feature all kinds of consumables," he said, "everything from cannister snacks to dish detergents to fabric softeners."

Many nonfood chains also have a policy of only featuring the national brands when they are on deal. The rest of the time they'll keep some of the nationals, like Tide, Clorox, Dawn, Wisk, etc., in their regular cleaning department but they won't give them off-shelf exposure.

A typical strategy is to put one or two facings of a Dawn or Dove next to one or two facings of their private label item. The private label is usually 20% to 30% less than the national brand so the chains can offer their customers a significant savings while still making margins of between 20% and 40%.

However when chains do buy cleaners on promotion, which most chains say they do between 90% and 95% of the time, they give them ample off-shelf exposure. "We do very well with cleaners," said one buyer. "When we buy on deal, we can be competitive with food stores and still take 18% to 20% margins. Everyday, we seldom make less than a 30% margin."

Other sources say they are attracted to cleaners because food stores are not promotionally active in this category as they are with certain foods like tuna and mayonnaise or with certain HBA items like toothpaste and shampoos.

"The food stores don't promote the cleaning category that much," says Jim Marx of Pankow Sales in Chicago. "Instead of cutting the price a lot, they depend on rebates

or coupons to generate sales in this category."

The most aggressive nonfood promotions with cleaners are seasonal: back-to-school in the Fall is a popular event for cleaners and so are the January/February Dollar

Day circulars.

"Nonfood chains also do a lot with multi-pricing in this category," says Marx. "Especially in Dollar Day ads, you'll see a lot of brands priced at 2 for \$5 to get the higher sale."

Hot Trends In Cleaning Products

In the household products category, the hot buzz words in 1987 were "lemon fresh," "outdoor fresh," and convenience.

According to the Kline & Company in Fairfield, N.J., the hottest new products were those with the word "lemon" in their brand names and those with fragrances reminiscent of the outdoors.

Convenience was also very important to consumers in '87, and Kline says many of the most successful launches featured either some form of convenience in either the product or the package.

Many manufacturers brought out lemon scented household products last year, but the strongest sales came from the major brands such as Lemon Brillo, Lemon SOS, Lemon Fantastic, Lemon Cascade, Lemon Fresh Dash, and Lemon Comet.

In outdoor scents, Tide Clothline Fresh Scent stood out and so did Sun Rinse Fresh Liquid Downey. Surf's Fresh Scent, introduced back in 1985, continued to do well. Mountain Spring Dawn is doing well and so is Downey's April Scented Dryer Sheets in test markets.

Colgate did very well with the introduction of the Fab One Shot Pouch which contains everything a woman needs to both wash & machine dry her clothes. Kimberly Clark is now testing a similar single dose product called Command and P&G is testing Bold Washer/Dryer packs. Cheer also has Power Punches in test and P&G is testing Tide Multi Action Sheets and Tide Redi Paks.

Carey Ahsler, a marketing consultant for Kline, says that lemon seems to be hot because so many people associate the scent with efficient cleaning. She says the outdoor scents are doing well because they make people think of the fresh outdoors.

Convenience is important because so many women work. "When a woman is home," Ahsler says, "she doesn't want to spend all her time cleaning, so she buys products that will let her take care of several tasks at once or products that are easier to use like a spray."

Growth Segments In Household Cleaners

Segment	'88 \$ Sales (millions)*	% change '88 vs '87
Mildew Removers	\$ 41.7	17.9%
Upholstery Cleaners	\$ 6.2	9.7%
Fabric Bleach/Detergent Boosters	\$305.5	8.8%
Rug Cleaners	\$ 58.0	7.4%
Window Cleaners	\$155.4	4.3%
Laundry Soil/Stain Removers	\$139.0	4.1%
Sponges	\$ 37.8	4.1%
Bowl Cleaners	\$208.9	3.8%
Starches	\$ 95.5	3.5%
Metal Polishes	\$ 30.8	3.5%
Drain Cleaners	\$ 99.3	2.8%
Heavy Duty Detergents	\$330.1	2.7%
Dishwasher Detergents	\$444.1	2.5%
Air Fresheners	\$353.3	2.3%

*Retail Food store sales only

Source: Sami Dry Grocery Non-Food Category Trends



Some soft drink buyers for nonfood chains say their sales are up between 10% and 25% this year.

Soft Drink Sales Surge in Nonfood Stores

Emphasis is on promotions that feature sweepstake prizes and special consumer values. Retailers say they get better margins, plus opportunities for higher margin tie-in sales.

Soft drinks is one of the few multi-billion dollar categories that buyers say is still growing at a strong annual rate.

According to the trade magazine Beverage Industry, soft drink unit sales are up 5.5% over last year. However, many nonfood chain buyers say their soft drink sales are up two to three times the industry average.

The overall growth is partly due to increased per capita consumption of soft drinks, but it's also attributable to the fact that many nonfood chains are giving the category expanded space in their stores while some are also trying to give it better merchandising ex-

Soft Drink Consumption Sale Trends

(measured by cases:
24 8 oz cans to a case)

	1987	1986	% chng
Cases in billions	7.1	6.8	5.5%

Source: Beverage Industry Magazine

posure. Most nonfood chains are also promoting soft drinks more frequently.

A source for K mart, which has a permanent soft drink department in about 25% of its stores, says soft drinks turn "incredibly

fast." He said most stores can turn soft drinks once a week, even when the line is merchandised "off the main rectangular aisle and in one of our corners near the wall."

"It seems to be one of those things that the more people buy, the more they use," he said. "If we have a special feature price on a major brand, they stock up. Then they come right back in a week or so and stock up again."

For years soft drinks has been a sort of step child in the nonfood industry, tolerated by many chains because of its strengths as a traffic builder but looked down on as an imperfect category because its margins were comparatively low,

even everyday.

However, now some chains are moving away from what one source described as a "margin mentality" and looking more at the dollar potential of individual categories.

"On promotion, we might go out at a 5% margin," said the beverage buyer for a southwest-based drug chain, "and when we do that, we're looking at a category with tremendous volume potential. We won't make a lot of money on it, but we'll generate penny profits and we'll get the traffic."

"Everyday, I'll make about a 20% margin, but it will keep turning for me. It's a good cash flow category. I don't have to wait two months to sell a piece."

Most chains say their best sellers are the leading brands, Coke, Pepsi, 7-Up and Dr. Pepper.

The best selling sizes are 2 liters, 6-packs and 12-packs.

Buyers say that two of the hottest new products introduced in the past year are Cherry 7-Up and Pepsi's Diet Mountain Dew.

However, although new products are important, the new launches are not as important for the nonfood chains as the established brands.

Non food chains are stressing value rather than price in their latest soft drink feature ads

One source said that one of the reasons there is more growth in this category now is because the nonfood chains, particularly the mass merchandisers, have started to play down price as their promotional focus.

Instead they are working with the soft drink vendors to develop customized promotions as well as promotions built around sweepstakes or tie-in sales with higher margin categories.

Coke, for example, did a Summer Sweepstakes promotion with K mart last year, that was, in K mart's words "a big success," and they are doing a second similar program this year called a Summer Sailaway Sweepstakes.

K mart featured the sweepstakes in this year's spring rotos. In a two-page spread of grocery items, the Coke feature was the only one that didn't mention price.

Instead it invited shoppers to "Come in and enter" the K mart/Coke sweepstakes. Consumers had a shot at winning one of 100

Soft Drink Share Tonnage Sales Trends (by soft drink category segment)

Segment	1986	1987
Colas	68.8%	69.1%
Lemon Lime	11.3	10.6
Pepper	4.6	4.8
Juice added soft drinks	4.9	4.5
Root beer	2.6	3.0
Orange	2.4	2.2
Other	5.4	5.8

Source: Beverage Industry Magazine

cruises for two to the Bahamas aboard a Carnival Cruise ship, plus over \$1 million in K mart bonus gift certificates. K mart and Coke designed the contest so that there would be over 180,000 prize winners.

Sweepstake promotions are easier on the retailer

Besides making it possible for K mart to set a higher margin because the ad doesn't stress price, this kind of feature program also makes it easier for the individual stores in different regions of the country to promote soft drinks.

It makes it possible for each store to work with the individual bottlers to promote that bottler's best selling size or pack for their separate markets.

"It eliminates all the hassles of trying to deal with hundreds of bottlers at once," says a K mart

Beverage Consumption Patterns

Category	8 oz drinks per person annually
Soft drinks	674
Water	659
Coffee	406
Beer	382
Milk	325
Juice	111
Powdered soft drinks	98
Bottled water	91

Source: Beverage manufacturers

source, "plus we're not locked into any particular package. If we can get a better price on two liters in the northeast, then we'll feature that in displays in the northeast stores. If our best price in the mid-west is on the six-packs, then that's what the mid-west stores will display."

Pepsi creates value with E.T. rebate promotion

Pepsi is also offering new promotions built around sweepstakes and special values. Later this fall and in early winter, Pepsi will launch a promotion built around a tie-in with the distributors of the soon to be released video of E.T.

Mass merchandise stores are now a major source of video purchases, and many drug chains have video centers as well. The Pepsi promotion will let a chain advertise Pepsi by stressing, not price, but the availability of a special \$5 rebate that Pepsi is offering on the E.T. video purchase.

The event will break just in time for the holidays, and it will give consumers a chance to buy a \$24.95 copy of E.T. for \$19.95. Retailers who feature the promotion should be able to get a video sales, plus a soft drink sale.

Wal-Mart will test new locations for soft drinks

"Soft drinks are not just a food store item anymore," said a Wal-Mart manager. "We've sold them for years, but we don't think we're fully utilizing the category. There are other things we can do to make this category more profitable and we're going to do it."

Several sources also say that Wal-Mart is about to test new ways of merchandising soft drinks. Right now the chain primarily stocks soft drinks in its "wall of values" right beyond its cash registers.

Later this year, sources say that Wal-Mart will begin testing soft drinks in the snack category which is right across from its registers.

K mart is also testing various configurations and locations for soft drinks.

The attitude among buyers is that the category is great for growth, but that profits could be even higher with some merchandising and promotional refinements.

Healthy Fun Drinks Sell Well for Nonfood Stores

Soft drink sales are growing in nonfood stores, and so are sales of bottled waters, juices and juice enhanced bottled waters.



Photo by Ray Garland

Americans today are spending more time outdoors, and they're drinking more juices & bottled water.

Beverage sales in nonfood chains are growing at what buyers say is a steady 10% to 15% rate a year.

Soft drinks, which are used by about 95% of all households in America, are up significantly, buyers say, but they are also reporting dramatic growth in bottled water sales, juice sales and the sales of juice enhanced sparkling bottled waters. Aseptic packs of juices are also doing well throughout the country.

Tea is also selling well in many nonfood chains, and buyers say it seems to have become a year round rather than just a seasonal item. Several buyers said coffee is a good item to promote "when you can get the right price," but they add that it is more of a seasonal item and also a harder category to compete with because food chains price it so aggressively.

Juice & bottled water drinks are hot

Buyers tell Fm that soft drink sales are strong even when they are not being advertised, but buyers also say that one of their hottest new categories right now are healthy drinks: bottled waters, juices, and juice enhanced sparkling bottled waters.

In the last year, chains like Wal-Mart, K mart, Target, Venture, Longs, Walgreen's, K & B, Eckerd, Thrifty, Osco and the Sav On division of Osco, have all done promotions highlighting juices and juice enhanced drinks like Ocean Spray, Welch's, Dole, Motts, Seneca, Treetop, Sundance or Calistoga.

Many of these chains are also generating, what some buyers call "fantastic growth," from the bottled water segment, both with

spring water brands like Poland Springs in the northeast and Oasis in Texas and with carbonated brands like plain Perrier and Perrier enhanced with essence of fruit like lime and lemon.

A number of nonfood chains now have bottled water sections in their regular beverage departments, and several are expanding these departments to include new types of drinks like Perrier's Calistoga Sparkling Juice and Stroh's Sundance Sparkling Juice, both of which were launched less than two years ago.

Both Sundance and Calistoga are appealing drinks by themselves, plus they make excellent substitute for alcoholic beverages, particularly the sweeter drinks like wine coolers.

Calistoga is still primarily a regional brand, available just on the West Coast, but Perrier has just

launched another sparkling water/juice under its Poland Springs brand which is available in the northeast.

Sundance, however, is now in national distribution, and Stroh's is giving the brand strong support both in print and on national TV and radio. A company source says the brand's '88 sales could exceed \$100 million, which would be very good for an item that wasn't even around two years ago.

Bottled Water Segment Share Trends

Segment	% share
Non Carbonated	77%
Carbonated	23%
Source: Sami Drug Grocery Food Category Trends	

New additions to the beverage mix

So far, Wal-Mart has become the first major discount chain to stock Sundance on a permanent everyday basis. Management is also putting Sundance into its Sam's Wholesale Club stores in a special shrink wrapped four-pack case.

Longs on the West Coast now features Calistoga in many of its stores everyday as well as Perrier everyday. Some Eckerd stores in Texas have Calistoga as well as Perrier everyday, and Perrier is in everyday distribution in Peoples and Dart drug as well as in some Chicago and Florida Walgreen's.

The Price Club in San Diego, Calif., also stocks shrink-wrapped four-pack cases of both Calistoga and Sundance everyday, and so does Price Savers in Cincinnati. Sam's Wholesale Club also carries both brands, and there is a chance that Perrier may soon show up in Wal-Mart on an everyday basis. Discussions are underway.

Target and Venture are both promoting Sundance about three times a year and so is Longs Drug, Thrifty and Sav-on, all in California. Drug Emporium, a deep discount drug chain headquartered in Worthington, Ohio, is testing it for everyday distribution in several markets.

This spring, Venture promoted the Sundance four-pack at two for \$4. Food stores generally retail the

four-pack at between a \$2.69 and \$2.99 everyday price.

One source said Venture's opening order of about 3,000 cases sold through in a single week-end because of the price. "It was a great price," he said, "and the promotion worked fine as a traffic builder, but the stores made money on it too. We took between a 5% and 10% margin."

The food chains on the West Coast, where the brand and the category originated, give the category an average of about 30 linear ft. in their everyday bottled water department. On the West Coast, many food chains give bottled water about 60 to 80 linear ft. in their stores.

One buyer told Fm that the category is right for today's market. "Everyone is thinking healthy right now," he says, "and everyone

is dieting. Many people choose to only drink juice or bottled water when they go on diets, and many others use the juice enhanced drinks as thirst quenchers after they exercise or exert themselves physically in some way.

"They're no longer just a West Coast item. They seem to sell well all over the country with maybe a few exceptions like some southern regions and some of the more conservative cities like Detroit."

The source said that if he did decide to stock the juice enhanced sparkling water beverages on everyday distribution, he would take about a 30% margin on his retail prices, and he'd promote it "probably twice in the spring and summer and at Christmas. They're good drinks by themselves or as mixers," he said.

Plain juice drinks are also doing



Nonfood chains are expanding their beverage mix to include more juice and juice related products. Buyers say healthy drinks are "hot."

Bottled Water Retail Sales Trends (through food stores only)

All Bottled waters	1982 (millions of dollars)	1986	1987	% chng '87 vs '86
	\$137.7	\$281.5	\$355.7	26%

Source: Sami Dry Grocery Food Category Trends

well in nonfood stores, buyers and brokers say. In Berlin, N.J., Art Silver, president of Silver Marketing says that Welch's grape juice drinks are doing exceptionally well. Most of the major nonfood chains promote juice drinks today including Drug Emporium, Rite Aid, K mart, Peoples, Wal-Mart, Target and Venture.

"Generally, when the nonfood chains promote juice drinks," says Silver, "they charge 20% to 30% less than the food chains. They also make money on it because generally they're buying on deal."

are occasionally tieing in with Gatorade's full supplement inserts (fsi's).

Last spring, People's ran an ad on Gatorade the same weekend the supplement came out. Because the supplement featured a 30 cents off coupon, the People's ad mentioned its own low sale price, then the copy added "plus added 30 savings" and suggested that consumers look in their Sunday Washington Post for more special savings.

People's can only do this in its Washington market, however, because this is the only market

between 40% and 50% on every beverage he stocks in his cooler. Other drug chains with coolers are Walgreen's, K & B, Revco, Eckerd, and Peoples.

Buyers say that aseptic packs are also hot. Mothers especially seem to like them for their convenience. Just about every major nonfood chain has promoted aseptic packs recently including Walgreen's, K mart and Wal-Mart.

Longs has a permanent home for aseptic packs

Out on the West Coast, some Longs stores are creating permanent homes for aseptics. These stores generally take two or three six foot rows above the soft drinks and stock the aseptics there.

Generally, Longs only buys what is on promotion so managers tell Fm that margins on the aseptics are excellent, in excess of 20%.

"We price competitive to the food stores," says on manager. "But we don't give it away and because of the convenience, we get excellent turns."

Managers say they have advertised most of the most popular aseptic brands including the packs from Ocean Spray, Hi-C, Kool Aid Koolers and General Food's new aseptic pack for Tang.

Longs also recently did a major multiple promotion featuring Lipton products including their 100 count teabags.

One source said this was the first time Longs has done a chainwide promotion featuring multiple brands from a grocery manufacturer. However the source said Longs had tested the idea in several districts last year and that it worked so well, they decided to okay the chainwide promotion.

The promotion, which broke in two newspaper ads in May, featured a total of 34 items including the 100 count teabags, 12 flavors of the Sunkist Fun Fruits and 21 flavors of Lipton's side dishes: Noodles and Sauce, Rice and Sauce, Potatoes and Sauce and Pasta and Sauce.

The chain bought 20,000 cases and one source estimated that it took about a month to sell through.

"When consumers see a family of brand name products at a good price, then tend to stock up," said one manager. "That means we get a higher ticket sale and a pretty fast sell through."

Juice Retail Sales Trends

(through food stores only)

Segment	1982 (millions of dollars)	1986	1987	% chng '87 vs '86
*Juice Drink Concentrates	\$ 15.7	\$ 33.4	\$ 40.2	20%
**Single Strength Juices	\$ 831.5	\$1,369.2	\$1,549.0	13%
**Canned & Bottled Juices	\$1,684.5	\$1,823.6	\$1,863.4	2%

*All juices that need water added;

**Juices like Ocean Spray, Gatorade, Hi C

**All fruit juices & nectars

Source: Sami Dry Grocery Food Category Trends

Rite Aid scores with juice close out buy

Last April, Rite Aid was particularly successful with a multiple promotion of juice drinks. The chain bought a close out on the 8-oz. Welch's juices and advertised them three for 99 cents. Sources said the promotion was a big success, particularly selling well to young mothers and young adults.

Nonfood chains are also promoting more juice drinks at Thanksgiving and Christmas. Sparkling enhanced juice beverages like Sundance and Welch's sparkling grape juices get a lot of feature activity at Christmas. Several buyers say they will also promote Welch's new sparkling apple cider later this year.

Peoples ties in to Gatorade's fsi's

This year and last year, buyers say that Gatorade was so successful on promotion that the word "awesome" is the best way to describe it.

Peoples Drug has had so much success with Gatorade that they

where People's can reach about 90% of its customers by advertising in one newspaper.

Rite Aid has also been very successful with Gatorade.

Sources for the Pennsylvania-based chain said they were ordering "huge" quantities of Gatorade for spring and summer '88. One source said Rite Aid will keep the large size Gatorade on an end for most of the summer months, plus, he said, they will put their single serve sizes in their coolers. He also said Rite Aid will be putting Welch's grape drinks into their coolers.

Cooler programs add to chain profits

Many chains are expanding their cooler programs into more of their stores. Rite Aid, for example, has coolers in about 1200 of their 2100 stores and is currently rolling them out to nearly all stores.

One source said the coolers generated considerable impulse sales and bring new traffic into his stores. He says he usually makes

**New ideas mark
greeting cards**

— Trends, page 15

**Marketing driven
by segmentation**

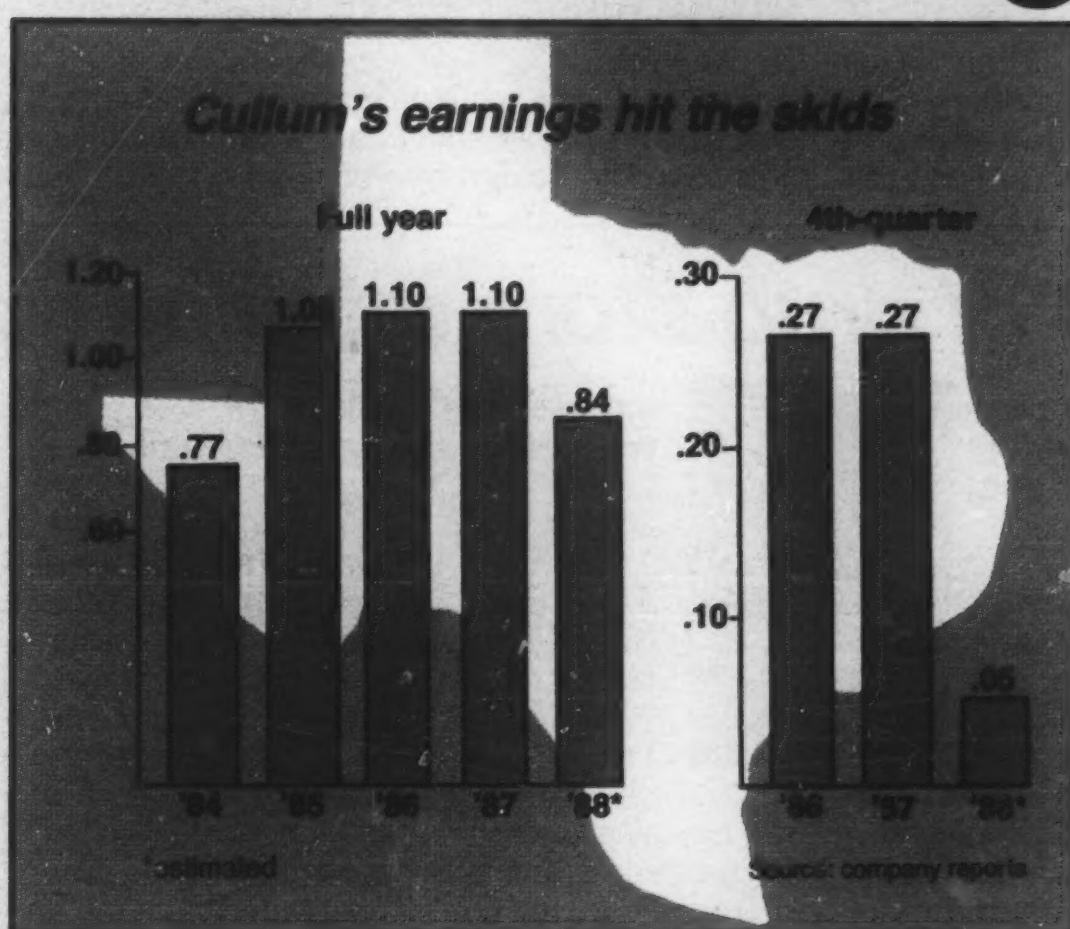
— SAMI/Burke, page 21

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DRUG STORE NEWS

Vol. 10/No. 15 Our 60th year of serving chains, wholesalers and high-volume independents Published by Lebhar-Friedman Inc. July 18, 1988

Cullum mulling an LBO with third party



Earnings slide weakens stock price

By David Vaczek

DALLAS — The Cullum Companies, its earnings squeezed by experiments with new formats and by competitors' discounting, said it is exploring a leveraged buyout.

"They might be hearing footsteps" of a corporate raider, said one retail analyst, after the owner of the Tom Thumb/Page combo stores and Page Drug chain said it is in preliminary talks with an unnamed party. Analysts speculated the partner would presumably help fund a

buyout with management participation.

Cullum announced the talks at the same time it released a preliminary fourth-quarter

A preliminary fourth-quarter earnings report was characterized by one analyst as 'extremely disappointing.'

earnings report characterized by one analyst as "extremely disappointing."

Cullum said it expects final-quarter earnings of 5 cents a share, compared with 27 cents

in the comparable 1987 period. That would bring 1988 year-end earnings to 84 cents a share, compared with \$1.10 in 1987.

The quarter adds momentum to an earnings slide that has depressed Cullum's stock price, and made it vulnerable to a hostile buyer. A management LBO would be one way to avoid the clutches of an unwanted suitor. Several food-drug chains, including Safeway and Supermarkets General, have taken that route recently.

In late June Cullum's per share price had settled at \$16, from a 52-week high of \$23.

One effect the announcement

See Cullum, page 53

HSI financing Brooks buy with \$80M in new debt

By James Frederick
CINCINNATI — Hook-SupeRx Inc. has issued another \$80 million in high-risk, high-yield bonds to finance its recently completed purchase of Brooks Drug.

The new bond issue, which was offered publicly June 15, followed close on the heels of HSI's first public offering of subordinated debentures in May. The first offering, worth \$125 million, was part of HSI's original debt package to finance the leveraged buyout of

See HSI, page 54

Welsh leaves NACDS for Brooks



Bill Welsh
vp-administration

PAWTUCKET, R. I. — William Z. Welsh, who resigned as executive director of NACDS, has taken a new job as vp-administration for Brooks Drug.

Welsh, a 15-year association veteran, was expected to join the 360-store chain at the end of this month.

The appointment comes at a time when Brooks will be charting its course under a new parent company, Hook-SupeRx Inc.

Hook-SupeRx and Brooks Drugs at a glance

Headquarters:

Hook division: Indianapolis
SupeRx division: Cincinnati, Ohio
Brooks division: Pawtucket, R. I.

HSI chairman: Philip Beekman

Divisional heads:

Hook: Newell Hall
SupeRx: Gary Hendren
Brooks: Gayl Doster

Sales:

HSI: \$1.1 billion*

Brooks: \$395.7 million in 1987

Net earnings:

HSI: \$11 million*

Brooks: \$3.5 million loss in 1987

Store count:

Hook: 343 drug stores, 30 home health care centers, one photo plant

SupeRx: 330 drug stores, 12 deep discount stores

Brooks: 361 drug and H&BA stores

Average store size:

Hook: 7,500 square feet

SupeRx: 10,000 square feet

Brooks: 7,000-10,000 square feet

Operating regions:

Hook: Indiana, Illinois

SupeRx: Midwest, Mid-Atlantic, South

Brooks: New England, New York, Pennsylvania, New Jersey

*Drug Store News estimate for most recent 12-month period

Source: company reports

LATE NEWS

• CLEVELAND — Carls Food and Drug Centers, a local chain of seven combo stores, will nearly double in size with the recent purchase of the 34-store Fazio's supermarket chain by Riser Foods, Carls' parent firm. The purchase, finalized in June, will boost Carls' store total to 12 following conversion of the Fazio's combo stores to the Carls format this summer, a spokesman said. The remainder of the Fazio's units will be combined with Riser's Stop & Shop supermarket division and converted to the Stop & Shop format and logo by October, making Riser the leading food retailer in Cleveland.

• PONTIAC, Mich. — Perry Drug Stores merchandising and marketing veteran Dave Peterson has left the company to pursue other business interests, according to a spokesman. Peterson, 51, was replaced July 5 as group vp-marketing by former vp-merchandising David Green, 33, who came to Perry from Albertson's in March.

Super Valu launching two hypermarts in Cleveland

CLEVELAND — Super Valu Stores has joined the ranks of retailers who believe bigger is better.

The Minneapolis-based food wholesaler and retailer will launch two 180,000-square-foot hypermarkets here. The stores, called "Twin Valu," will include pharmacies backed by the health care marketing expertise that Super Valu has honed in its food and discount store formats.

The pharmacies will be run by Shopko, Super Valu's 87-store discount store chain. Shopko was a pharmacy pioneer among mass merchandisers in the early 1970s. Eighty-four

See Super, page 53

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Pay 'n Save packs up its troubles, tries Thrifty Corp.

By Pamela Krein

SEATTLE — After operating under heavy debt and struggling to re-find its niche in the marketplace, Pay 'n Save can finally leave its heavy burdens behind.

On June 29, the Seattle-based chain officially joined the Thrifty Corp. family—a move destined to bring changes to both the Pay 'n Save stores and its predominantly Pacific Northwest market.

Thrifty initially announced its intention in mid-May to purchase the 110-store Pay 'n Save chain for 5.2 million shares of stock in Pacific Enterprises,

See Pay 'n Save, page 53

NEWS IN BRIEF

Fay's sells N. Y. & Mass stores

LIVERPOOL, N. Y. — Fay's Drug has pulled out of Connecticut and Massachusetts, selling nine stores to CVS and shuttering the remaining five in those states.

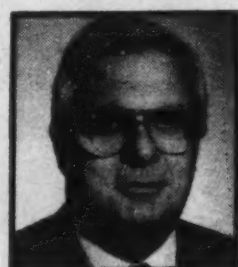
"We weren't getting an adequate return on our investment," said Warren Wolfson, vp-general counsel and secretary.

Included in the nine were the eight stores Fay's purchased in 1985 from Genovese Drug in the Hartford, Conn., and Springfield, Mass. markets.

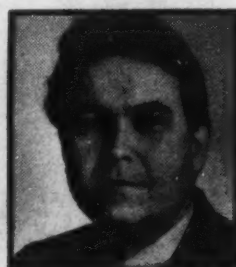
Six of the stores CVS is buying are in the Hartford area, with the rest in western Massachusetts.

Arbor slots Enokian, Tempalski

TROY, Mich. — Arbor Drugs has named John Enokian director of health services and Leonard Tempalski director of pharmacy and store operations. The announcements were made by Markus Ernst, executive vp and chief operations officer.



Enokian



Tempalski

As director of health services, Enokian will be responsible for negotiating and managing third-party health insurance contractual agreements. He will also serve as a liaison between the chain and various health care institutions. Previously he was Arbor's director of pharmacy operations.

Tempalski, an Arbor district manager before his promotion, will oversee day-to-day pharmacy and store operations for Arbor's 78 drug stores in southeastern Michigan.

American Stores units targeted for sale

DUBLIN, Calif. — Acting quickly to satisfy Federal Trade Commission requirements arising from the merger of Lucky Stores with Alpha Beta Co., American Stores has reached an agreement to sell 15 Lucky and Alpha Beta stores in California to Certified Grocers of Los Angeles. No purchase price was disclosed.

The FTC stipulated that a total of 37 Lucky and Alpha Beta units must be sold to satisfy antitrust regulations in California, including 24 in the northern half of the state. Those sold to Certified include three stores in San Jose and individual units in Hayward, Union City, Novato and other markets in northern and southern California. The remaining units to be sold include five more stores in San Jose, and others in scattered markets throughout the state.

"Many of these stores are smaller units, in the 20,000- to 25,000-square-foot range," said Lucky spokesperson Judy Decker. Because of their small size, she said, most do not contain pharmacies.

McK leaders get lowdown at conference

SAN FRANCISCO — At McKesson's third annual National Management Conference held recently in Tucson, corporate leaders, including Thomas W. Field, McKesson Corp. president and ceo, and executive vp-operations Rex Malson gave more than 230 McKesson personnel and 310 representatives of manufacturers a detailed picture of McKesson Drug Co.'s achievements during the past year.

Joe Polastri, McKesson Drug president, cited fiscal '88 sales of almost \$5.2 billion and operating profits of \$119 million for the Drug and Health Care unit, and said the total customer base had increased to 24,000 with the absorption of the Spectro Industries, S-P Drug and 3PM acquisitions.

He added that McKesson's Valu-Rite voluntary now includes 2,800 stores, and pointed out that although independents' share of drug store volume has shrunk from 55 percent to 40 percent over the past decade, "progressive independents, armed with the resources of McKesson and our commitment to their satisfaction and success, will definitely survive."

At Bill's, slant on checklane endcaps 'dramatically' increases goods moved

LAFAYETTE, Calif. — The last seen and often most crucial area of a drug store—the checkstand—is getting a new approach at Bill's Drugs.

Recently introduced, the chain's new custom-built, slanted checklane ends are designed so customers can have better access to the registers and impulse merchandise.

The previous arrangement—traditional T-shaped fixtures—have now been replaced by wedge-shaped endstands featuring 32 feet of peg wall and no end cap, vp-merchandising Gene Bass told *Drug Store News*.

The result, he said: better product variety and easier maintenance.

Currently, the majority of the checkstand merchandise is chosen independently by each store manager at Bill's. However, Bass does give some guidance by providing a list of top selling items, and he said a more formalized planogram will be rolled out in coming months.

According to Ron Bornstein, Bill's Concord, Calif., store manager, leading checkstand merchandise at his location includes film, razor blades, batteries, lip balm and small toys. The manager said he also tries to include a selection of Bill's private label items, and he keeps each



Bill's new custom-built, slanted checklane ends.

peg area unique. However, Bornstein said the overall theme is to stock high-impulse and good gross profit-producing merchandise.

Since changing to the new design this spring, the manager said "there has been a dramatic increase in the amount of merchandise moved." Bass agreed this was a chainwide phenomenon, joking that the only complaint by the store managers had been that the endstands are hard to keep full.

Presently the setup is in five of the chain's 25 stores, and Bass expects a few additional sites will have the design by year-end.

Sixty years of drug store retailing

The following items are taken verbatim from the pages of Chain Store Age Drug Edition, which became *Drug Store News* in 1979.

60 years ago

NEW YORK, 1928 — A large drug unit in downtown New York arranged a window display on a recent occasion that brought home to customers the high standard of its prescription policies.

The floor of the medium sized window was carried out in neat black and white checks, and a white curtain formed a background for the display, producing an atmosphere that suggested things medical. A large framed placard, oblong in shape, was placed in the center of the window. It announced—"Prescription Pharmacists. Our Prescription Policy: No guesswork. No Substitution. Strict Adherence To Doctors' Instructions. Expert Registered Pharmacists. Prompt and Courteous Service. The Safe Drug Stores."

50 years ago

POTTSTOWN, Pa., 1938 — Four thousand pounds of jelly beans were sold at the Peoples drug store, 237 High St., Pottstown, Pa., as a result of a window display advertising them at 9¢ a per pound. The bottom of the window, to a depth of over two feet, was filled with jelly beans. A large egg cut out of cardboard was then placed at the back of the window. On it was a head of a rabbit.

40 years ago

LOS ANGELES, Calif., 1948 — Photograph post cards are serving a double purpose at Owl Drug store, Beverly and La Cien, Los Angeles. They not only publicize the store and the company's new headquarters building but they bring profit in themselves. Some

5,000 of the cards were sold, at 5 cents each, in four weeks' time.

30 years ago

INDIANAPOLIS, Ind., 1958 —

When the U.S. grand jury brought in its indictment against the manufacturers of Salk polio vaccine, A. F. "Bud" Hook, president of Hook Drugs, Indianapolis, sent a letter to all employees outlining the facts in the case so they could speak up intelligently if unjust criticism was brought against the manufacturers. Mr. Hook concluded his letter with this thought: "I hope that we can all play a part in getting more public understanding of their good work that is being done by the thousands of people who work to make medicines available to millions."

20 years ago

DETROIT, Mich., 1968 — Construction is under way for a new Cunningham store which will replace the one the chain lost in last summer's Detroit riot. The 4,300-square-foot store is being erected on the site of the old store, and is the first major building program initiated by a retail group in that area since last July's outbreak. The location is Forrest and Trumbull Avenues and construction is expected to be completed early next spring.

10 years ago

SYRACUSE, N. Y., 1978 — Fay's Drug recently made its initial move into the optics field, opening a 350 sq. ft. unit within one of its hometown Syracuse, N. Y. stores.

Stocked with some 600 to 700 frames (including different colors), the optical center features more than 15 designer lines as well as low-priced single vision and bifocal packages. Lab work is being handled by an outside firm.

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SPECIAL SAMI/BURKE REPORT

Within markets, consumer purchase rates vary

During the past 22 years, SAMI has been focusing attention on market-to-market buying patterns in food stores, and more recently in drug stores. Manufacturers and retailers of health and beauty aid and other consumer products now realize that marketing plans must take into account major differences in sales potential from one market to another.

Umbrella advertising and sales promotion strategy has become a thing of the past, and segmentation, which takes into consideration consumer preferences and spending patterns in different areas, has made marketing far more effective and efficient.

To illustrate the differences in consumer spending patterns

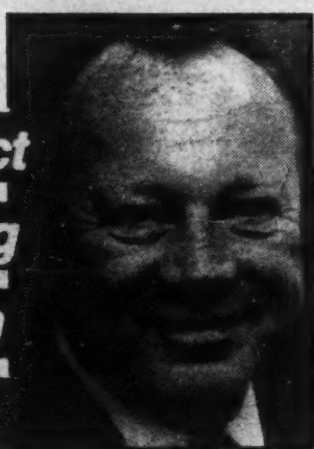
Segmentation, which considers consumer preferences and spending patterns, has made marketing far more effective.

by category and outlet, we have selected seven H&BA categories and have ranked the five SAMI markets with the highest 12-week index per household sales in each outlet.

It is apparent that even in the same markets and same categories there are variations in consumer purchase rates between food and drug stores. The differences reflect in part the dominance in those H&BA markets by either drug or food stores. In category after category, for example, the Boston/Providence area and neighboring Hartford/New Haven/Springfield are dominant drug store markets. The same is true for Miami, Cleveland, Los Angeles/San Diego, Seattle/Ta-

Alan Miller is consultant to SAMI/Burke, Inc., and former VP of sales service at Selling Areas Marketing, Inc.

**Product
Tracking
Alan
Miller**



coma and Albany.

In contrast, food stores have achieved dominance in many H&BA categories in such markets as Salt Lake City, Grand Rapids, San Antonio/Corpus Christi, Dallas/Ft. Worth, Seattle/Tacoma and Pittsburgh.

Looking at cough remedies, it is clear that the market with the highest per household sales rate in food stores during the 12-week span ending April 22, 1988 was Salt Lake City/Boise. The index of 187 means that the average household purchase rate in this market was 87 percent higher than the average in all cities combined.

The market with the lowest sales rate in this category through food stores was Norfolk/Richmond, with an index of only 49 or a rate just less than half the national level. Incidentally, the index in drug stores in Norfolk/Richmond was a mere 19. These low performance figures can probably best be explained by the high rate of sales in military post exchange outlets in this Navy market.

Boston/Providence is the best market for drug stores in all seven selected product categories. In four of these categories—cough remedies, toothpaste and powder, internal analgesics and eye care products—the Boston per household sales rate is more than double the national level in drug stores.

The best market for hair coloring in the two major outlets combined is Los Angeles/San Diego. This market ranks fourth in the sales per household rate in food stores and fifth in drug stores. It is the only market which ranks in the top five in both food and drug

SAMI markets with highest household sales indexes (12 weeks ended April 22, 1988)					
Food stores		Drug stores		Food & drug combined	
Market	PHI*	Market	PHI*	Market	PHI*
Eye Care Products					
Denver	275	Boston/Providence	216	Boston/Providence	183
Salt Lake City	253	Hartford	207	Hartford	177
Dallas/Ft. Worth	236	Seattle	143	Denver	159
Grand Rapids	222	Miami	141	Seattle	150
Houston	193	Albany	138	LA/San Diego	141
Synthetic vitamins					
Salt Lake City	188	Boston/Providence	187	Boston/Providence	158
Denver	188	Hartford	162	Hartford	156
Grand Rapids	186	Miami	155	LA/San Diego	144
Seattle	185	LA/San Diego	152	Seattle	140
Dallas/Ft. Worth	160	Cleveland	143	Dallas/Ft. Worth	129
Laxatives & stool softeners					
Dallas/Ft. Worth	182	Boston/Providence	174	Seattle	148
Pittsburgh	180	Miami	165	Miami	141
Salt Lake City	170	Spokane	160	Boston/Providence	137
Memphis/Little Rock	169	Seattle	150	Spokane	137
San Antonio	160	Hartford	149	Charlotte	132
Cough remedies					
Salt Lake City	187	Boston/Providence	207	Boston/Providence	142
Grand Rapids	168	Miami	172	Seattle	137
Seattle	163	Hartford	172	Hartford	134
Pittsburgh	154	Raleigh	141	Miami	130
Dallas/Ft. Worth	147	Cleveland	134	Salt Lake City	125
Hair coloring					
San Antonio	275	Boston/Providence	175	LA/San Diego	164
Grand Rapids	254	Miami	164	Miami	147
Salt Lake City	206	Hartford	164	Boston/Providence	144
LA/San Diego	201	Phoenix	161	Hartford	144
Dallas/Ft. Worth	200	LA/San Diego	149	Phoenix	131
Toothpaste & powder					
Boston/Providence	190	Boston/Providence	267	Boston/Providence	209
Pittsburgh	162	Hartford	197	Hartford	161
Grand Rapids	150	Albany	162	Pittsburgh	143
Hartford	149	Miami	143	Seattle	137
Seattle	144	Cleveland	142	Grand Rapids	125
Internal analgesics					
Pittsburgh	170	Boston/Providence	203	Boston/Providence	164
Salt Lake City	156	Hartford	161	Pittsburgh	141
Grand Rapids	149	Miami	154	Hartford	139
Seattle	142	Cleveland	148	Seattle	127
Dallas/Ft. Worth	142	Raleigh	145	Dallas/Ft. Worth	125

*PHI = Per Household Index
Sales per household in all 54 SAMI markets combined = 100
Source: SAMI/Burke

stores in the hair coloring category.

The poorest markets for hair coloring are Greenville/

Spartanburg/Asheville in the case of food stores (index of 17) and Oklahoma City/Tulsa for drug stores (with an index of only 26).

Boston/Providence ranks as the leading market in both food and drug store sales of toothpaste and powder, and as a result is the best market by a considerable margin in both outlets combined. Hartford/New Haven/Springfield is also a strong area in both food and drug outlets. In this category, Shreveport/Jackson is the poorest market in food stores with an index of only 42, and this same market ranks third from the bottom in the drug store listing.

Pittsburgh is the best market for internal analgesic sales in food stores, but with an index of only 97 in drug store sales, the market ranks 29th out of 54 SAMI/Burke markets. The drug store strength among internal analgesics helps put Boston/Providence at the top of the list in the combined outlet ranking.

Denver, a hotbed of combo store activity, ranks as the

leading market for the per-household sales of eye care products in food stores. The category includes both contact lens items and eye washes and lotions. The drug store index in Denver is only 94.

Although Boston/Providence is the best market in drug stores for synthetic vitamins as a whole, it is a poor market for drug store sales of B-complex vitamins, with an index of just 75, as compared with a rating of 187 for the category as a whole. Spokane is the best drug store market for synthetic vitamin E with an index of 176. These examples suggest that it is often important to look at the performance of sub-segments of categories—product class, product sub-class, brand or even items which can be indexed and ranked in the same manner as the product categories shown.

Finally, Seattle/Tacoma appears as the best market for laxatives and stool softeners in both outlets combined, although the market is not ranked in the top five among food stores.



A CVS checkout line. In category after category, the Boston/Providence area, where the chain is a major player, is a dominant drug store market.

INSIDE PHARMACY

Supermarkets grab retail pharmacy market share

By David Vaczek

Since moving to New Milford, Conn., six years ago, Donna Hespe has filled her family's medication needs at the corner drug outlet in this suburban town.

That local pharmacy is adjacent to the bakery, and across from the courtesy counter, in the Super Stop & Shop combo store on Main Street.

One recent day, Hespe rolled her shopping cart up to the pharmacy window, dropped off an order for eye drops and amoxicillin for her 12- and 15-year-old daughters, and headed off to shop for food, returning 15 minutes later to collect the filled prescription.

"I just find it exceedingly convenient. It's on the way from the doctor's office, and I'm in the store at least twice a week food shopping anyway," said Hespe.

"And they've always run cheaper than CVS and Brooks," she added.

The only combo in this overstuffed market, this pharmacy does not survive on competitive pricing alone. It is attractive in other ways too.

Convenient seven-day-a-week hours add to convenience, and a weekly circular advertising campaign, often with dollar-off coupons, underscore everyday sharp prices. Health care screenings and friendly service are offered at the pharmacy, with an emphasis on counseling.

"People here are price sensitive," said pharmacist Cammie Zarella.

"The area is covered with drug stores, and they don't think twice about switching. So you have to be extra good with your service," she said.

"We try to do the things the independents do," Zarella added.

This Stop & Shop pharmacy—which is apparently tuned to local consumer needs—shows a commitment to pharmacy that reflects a growing expertise in drug retailing among supermarket operators overall.

Novel in a food store setting just a few years ago, the pharmacy is now standard in many of the largest food chain prototypes today.

Indeed, it is emerging as more than just another pe-



rimeter department. Leading food/pharmacy chains including Kroger, Vons, Giant Foods, and H. E. Butt make pharmacy stand out by marketing it to consumers as part of a total health care program.

Consumer acceptance

The pharmacist, once an unexpected sight in most supermarkets, has become a central prop for the message

of healthful and informed living many food chains are sending to customers. The growing success of drug retailing in this environment is tied to an increased acceptance and comfort level with food store pharmacies by consumers.

The Food Marketing Institute's annual Trends survey asked consumers for the first time in 1987 how they compare drug store and supermarket pharmacies. An average of 70 percent said food store pharmacists were as qualified as drug stores, and five percent said they were more qualified.

"This degree of confidence is a remarkable tribute to the supermarket pharmacist," said Dean Werries, president and ceo of Fleming Companies.

"In the early days, the consumer was shocked to find a pharmacy in the supermarket," said Lee Roy Treadway, vp-director of pharmacy, at Dallas-based Tom Thumb/Page, thinking

back to the early 1970s when the food and drug sides of Tom Thumb's combos were separated by a wall, with separate entrances and checkouts.

"I think the consumer has come to accept the pharmacy as a normal department in our stores," said Treadway.

"Supermarket pharmacists weren't looked upon as having the same degree of professionalism. But that image is changing," said Safeway's Jim Wickham, divisional manager for variety merchandising and pharmacy. Wickham pins the shift on the food industry's "outstanding job" in hiring good pharmacists.

"It is a mind set problem," according to Ron Miller, director of pharmacy at Publix, the 343-store Florida chain, which has opened 14 pharmacies since unveiling its first in October 1986.

Said Miller: "All our customers are

Ex-NACDSers shape FMI's Rx agenda

The growth of supermarket pharmacies has mobilized the Food Marketing Institute. The trade group is addressing the trend on different fronts.

It recently hired two former NACDS officers—Hal Klawitter and Ty Kelley—to develop programs on pharmacy and represent members with pharmacies in Congress.

Klawitter, vp-pharmacy affairs at NACDS, has joined FMI as director of pharmacy services.

"He will be developing formal programs and services for those FMI members that operate pharmacy departments," said Kelley.

Klawitter's goals will include establishing an ongoing liaison with state boards of pharmacy, pharmacy colleges, and such organizations as APhA, NACDS and NARD.

"We're contemplating developing a formal newsletter or publication geared toward the pharmacies," Kelley said.

As senior government relations representative, Kelley will lobby on health care and pharmaceutical issues in Congress.

FMI sponsored its first seminar on the supermarket pharmacy in Los Angeles last year. Forty persons representing about 30 chains attended, taking up issues such as marketing the pharmacy and the potential of third-party business.

new customers to our pharmacies. They forget we have them. It takes a while to win them, and break through their shopping habits."

Growth expected

The breakthrough with the consumer has already occurred, and growing consumer acceptance is one reason supermarkets are outpacing the industry in prescription sales, industry analysts say.

Unit volume of prescription drugs sold through supermarkets grew 18 percent in the 1988 first quarter, against the 1987 first quarter, according to Towne-Oller & Associates, the auditing firm which began tracking food store drug sales in January 1987.

Prescription price increases helped push supermarket Rx dollar sales up 23 to 25 percent in the first quarter of 1988, com-

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Consumers rank supermarket pharmacists highly

(Response of consumers asked to evaluate supermarket pharmacists' qualifications against those of drug store pharmacists)

Age group	"As qualified"	"More qualified"
18-24	77%	3%
25-39	77	5
40-49	71	6
50-64	65	6
65+	58	4
Total:	70	5

Source: The Food Marketing Institute's 1987 Trends survey.

Prescription price increases helped push supermarket prescription dollar sales up 23 to 25 percent in the first quarter of 1988.

Supermarkets grab retail pharmacy market share

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pared with 1987's first-quarter sales. This is a brisk pace compared to the 8- to 9-percent sales growth rate the total market posted in 1987, said Ken Curin, director of pharmaceutical services at Towne-Oller.

Curin said supermarket pharmacies accounted for \$1.9 billion in prescription drugs purchased by retail stores in 1987, which was 12 percent of the \$16.5 billion purchased by retail stores nationwide.

The growth pace seems likely to continue if new food store pharmacies open at the rate some observers predict.

The Allen Levis Organization, in a study for McKesson Corp. last May, forecast food store pharmacies will increase 40 percent in number from 1986 to 1988.

Progressive Grocer, a food industry trade magazine, reported less dramatic, if still brisk, growth up to 1987. The number grew 8 percent from 1986 to 1987, when 12 percent of supermarkets, or 3,648, had pharmacies.

That's significantly outpacing drug store unit growth, which has been 2 to 3 percent in recent years. Also, those food stores are generating higher sales than the drug store. The average supermarket buys \$550,000 of drugs for retail sale, compared with \$320,000 for drug stores, Towne-Oller estimates.

Kroger is leading the charge. The chain—leading all supermarkets with 485 pharmacies—plans to have 525 pharmacies by year's end, and over 600 by year-end 1990, Dick Tillman, Kroger vp-drug and general merchandise, told company shareholders recently.

Chains including Albertsons, American Stores (with its Skaggs Alpha Beta, Buttrely, and Jewel/Osco stores), Giant Food, H. E. Butt, Grand Union and Vons are all using stores with pharmacies in combo or superstore formats to lead their food and drug growth.

The 45-store Star Markets in Massachusetts, a division of American Stores' American Super Stores, is launching its first pharmacy store after the state became the last to drop a law prohibiting food and drug retailing without separate entrances.

"The first Star Market Plus format opens in Cambridge, Mass., in the fall, with the second to follow in Franklin, Mass., this year," said Brian Pijanowski, director of marketing.

"With the growing number of two-income families, and the desire for one-stop shopping, having the pharmacy in the store is a significant convenience we can offer," Pijanowski said.

Another American Super Stores division, Acme Foods, will also roll out its first pharmacies this year, and hire a pharmacy director, Alan Stewart, president of American Super Stores, confirmed.

A&P's Super Fresh divi-

sion is yet another food chain preparing its first pharmacy launch, this in Philadelphia, sources said.

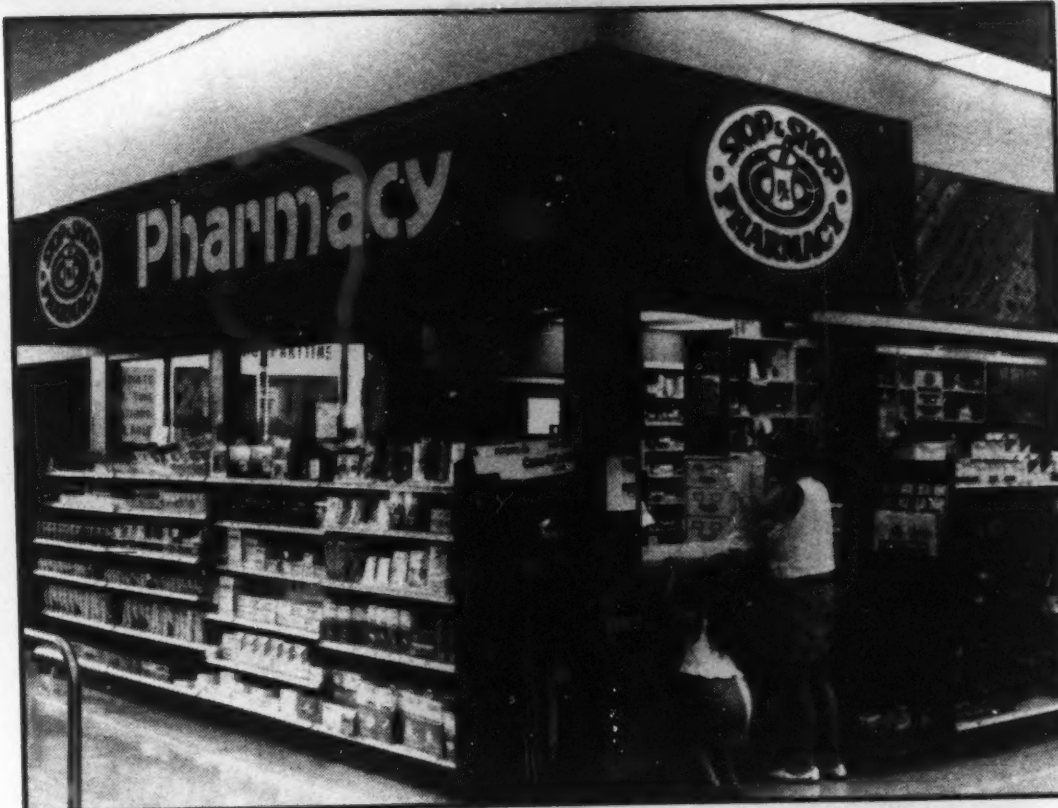
With food chains entering the business for the first time, and chains experienced in drug retailing emphasizing pharmacy in their growth plans, front-of-store business at drug chains is threatened as well.

Supermarkets with pharmacies typically have 40-percent larger H&BA selections than those without, and post 20- to 40-percent higher H&BA sales, industry sources have estimated.

Food stores with pharmacies are generating 40 percent of all food stores' H&BA sales, according to Towne-Oller.

Those kind of statistics show food stores to have outpaced the industry in H&BA sales for the last five years, according to Nielsen Marketing Research.

Food stores posted average annual sales growth on the top 60 H&BA items of 7.8 percent from 1983 to 1987. In comparison, growth in drug stores was 4.8 percent in H&BA. Mass merchandise stores posted 9.2-percent growth, which made the average yearly growth for the three channels combined 6.8 percent during the period, according to Bill McNair, Nielsen's manager



Front-of-store, near-checkout location and graphic signage promote Stop & Shop's pharmacy to entering, exiting customers.

new store growth. The image-building said to be essential to make the pharmacy work in a food environment is in wide evidence.

"Kroger cares about your health," is the slogan of the food chain's new nutrition education program that "makes a nutritional consultant as well as a health care consultant out of the pharmacist," said Bob Smith, president of Health Awareness Corp., which will operate the program in all Kroger regions by year's end.

Pharmacists trained in nu-

grams, including incentives, for enlisting pharmacists, pharmacist training in areas such as customer interaction, and a stepped-up effort to gain third-party business.

"A major element in the success of a pharmacy operation... is the creation of a total health care service image," said Tillman, who said the goal is to "elevate consumer awareness and confidence in Kroger as a convenient, full-service health care specialist."

Other chains are following that approach:

• "We want to look as professional as any drug store,

sion.

The 53-store chain, with 52 pharmacies, also launched a pharmacists' incentive program with awards for stores that hit 1,000 and 2,000 weekly scripts.

• Lucky Store's new Advantage combo prototype in San Diego includes an upfront pharmacy for added exposure, with an enlarged pharmacy counter for easy consumer access.

• Publix is committed to screenings for cholesterol, blood pressure, and vision at its new pharmacies.

• At Giant Foods, the dominant food retailer in Washington, D. C. and Baltimore, the chain's reputation among consumers is a key selling feature for its pharmacies.

"They have clean, well-kept stores, and personnel who are very well trained. This becomes part of the image... having well-trained and knowledgeable pharmacists," said David Rombro, president of five-store MacGillivray's Pharmacy in Baltimore.

Giant Foods combines the quality element with market-leading price strategy that includes discounts on the top 50 prescription drugs, regular 30- to 40-percent discounts on leading H&BA items, and the elimination of third-party co-payment, since partly restored, Rombro noted.

A year ago the 145-store chain, with 92 pharmacies, moved to Sunday hours, said spokesman Barry Scher.

The profitability of pharmacy and H&BA are the prize for food chains who can make pharmacies work. H&BA gross margins can be 50 percent above the typical food store margins, provide a 54-percent larger sale, and produce 9.5 times more net profit, one industry merchandiser said recently. The pharmacy gross margin ranges from 25 to 35 percent, compared with total food store gross margins of about 20 percent.

Success reported

But to reap these rewards in H&BA sales, chains must refine procurement, selection and pricing. In pharmacy they have to build to the breakeven threshold, which typically takes 22 months in a food store.

Major chains report success.

Kroger's pharmacies "not only provide excellent sales growth, but they also contribute handsomely to profits," said Kroger's Tillman.

At Vons, which operates pharmacies in its Pavilions, Tianguis, and Vons Food & Drug formats, the pharmacy has been the heart of a drug store department which has earned increasing corporate support, said Tony Fanticola, vp, general merchandise and H&BA.

"The pharmacy and H&BA side, and the entire drug store portion of the business, is growing at a much faster rate than the company's growth," said Fanticola.

Food chains come to grips with 3rd-party business

The ability and willingness of supermarkets to compete for third-party business will have a major impact on the evolution of their pharmacies, as managed health care grows. While some major chains are participating aggressively, the industry for the most part is just coming to grips with it.

"The Food Marketing Institute, and the supermarket pharmacy industry in general, are just now starting to look at the issue of managed health care," said Lee Stranberg, a pharmacy professor at Oregon State and a consultant for the Oregon PSAO program.

"Pharmacy survival will be mandated by having the ability to selectively contract with all forms of third-party agencies," Dick Tillman, Kroger's vp for drug and general merchandise, said recently.

With exclusive third-party contracts with 32 agencies covering one million members, Kroger is gearing up staff and systems to further capture this business, Tillman said.

Others may be more reluctant.

"We're all trying to figure out how to handle third party more effectively and efficiently. It's hard for a combo store operator to offer enough [store] coverage in a market to be very competitive [for contracts]," said Lee

of communications.

"They're putting in the pharmacies, putting more emphasis on H&BA sections, and the food stores are offering better choices for the consumer," said McNair.

"The big chain drug stores are really doing pretty well compared to the supermarkets, with growth rates as good as or better than the supermarkets. It is the smaller chain pharmacies that are really going down the tubes," McNair said.

Supermarket commitment

Commitment by supermarket chains with drug retailing history goes beyond

trition advise consumers on diet and disease risk. Participants "shop-by-the-numbers" to complete meal plans, and identify food items by permanent shelf tags which describe nutritional features.

Cholesterol screening of up to 300,000 customers this year is part of the plan, which is riding the trend of preventive health care.

The nutrition plan is only one part of a broad thrust by Kroger to build and promote its pharmacy business. Other areas include: redesigning departments for greater consumer visibility, various professional pro-

Roy Treadway of Tom Thumb/Page.

Although Tom Thumb/Page participates in a PSAO with a Fort Worth chain and the Texas Federation of Drug Stores, it has avoided heavy involvement in PSAOs because "we don't like to share management data," Treadway said.

"The supermarkets have not really made a serious effort to get managed care contracts for themselves through PSAOs," maintains Jim Dickinson, publisher of *Dickinson's PSAO Newsletter*, which tracks the industry. Dickinson feels that as PSAOs pragmatically seek to provide their customers with the most versatile and flexible programs, they will enlist food chains willingly.

But supermarkets will have to invest in advanced computer systems that can provide services such as patient profiles and drug utilization reviews, and have the ability to integrate with information sharing networks. Such functions will be increasingly important to PSAOs who need to document their efficiency and cost effectiveness, he said.

"I see a lot of problems for supermarket pharmacies. They are going to have to invest heavily in on-line systems, and I don't think the supermarket is likely to be that committed," said Dickinson.

and emphasize the professional image," says Tom Thumb/Page's Treadway. Tom Thumb/Page regularly coupons prescription drugs. The pharmacy is set for maximum exposure at the store's front, and is adjacent to full assortments of drug store merchandise in the 55,000-square-foot combos.

• Raley's is launching its first cholesterol screening program, and developing a diabetes testing program with Squibb and local hospitals for stores in its Sacramento, Calif. and Reno, Nev., markets, said Flint Pendergraft, director of pharmacy, California divi-